



# **Daily Report—**

## **China**

**FBIS-CHI-94-160  
Thursday  
18 August 1994**

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# Daily Report

## China

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### Foreign Ministry Holds Weekly News Conference

#### Denies Kim Yong-sam Assassination Plot

*HK1808070094 Hong Kong AFP in English 0627 GMT 18 Aug 94*

[Text] Beijing, Aug 18 (AFP)—China strongly denied Thursday a report in a Hong Kong-based magazine that Beijing had foiled an alleged plot by North Korea to assassinate South Korean President Kim Yong-Sam during his visit here last year.

"Such a report is sheer fabrication," a foreign ministry spokesman said.

The report in the China-watching monthly, CONTEMPORARY, was written by Beijing University international relations lecturer, Zhang Zirong, who said China's intelligence services had uncovered Pyongyang's plot to assassinate Kim.

The alleged plot was apparently a reprisal against Beijing's decision to establish diplomatic ties with Seoul in 1991, the report said.

Zhang's article said the plot was uncovered in May 1993.

Kim was in Beijing in March 1993 and again in March this year, but is not known to have visited in May last year.

Zhang, quoting reliable sources, said Pyongyang had sent three women spies to carry out the assassination, but they were thwarted by the Beijing State Security Bureau.

He said China's action had prevented another "Rangoon Incident," a reference to the bomb blast in the Burmese capital in October 1993 which killed 18 high-ranking visiting South Korean officials.

#### Iraqi Foreign Minister To Visit

*OW1808074394 Beijing XINHUA in English 0711 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—Iraqi Foreign Minister Muhammad Sa'id al-Sahaf is to pay an official visit to China as of 23rd this month at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen .

This was announced here today by a Chinese Foreign Ministry spokesman.

#### Macao Governor To Visit on 30th

*OW1808075994 Beijing XINHUA in English 0719 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—Vasco Rocha Vieira, governor of Macao, is expected to come to Beijing for a visit as of 30th this month at the invitation of the Chinese Foreign Ministry.

This was announced here today by a Chinese Foreign Ministry spokesman.

#### Governor To Visit Beijing, Shanghai

*OW1708152894 Beijing XINHUA in English 1420 GMT 17 Aug 94*

[Text] Macao, August 17 (XINHUA)—Macao Governor General Vasco Joaquim Rocha Vieira is going to pay a visit to Beijing and Shanghai starting August 30, at the invitation of the Chinese Ministry of Foreign Affairs, local government's news department confirmed here this afternoon.

It will be the second time that the Macao governor has visited China's mainland.

#### Malian Prime Minister To Visit

*OW1808081394 Beijing XINHUA in English 0734 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—Ibrahima Boubaar Keita, prime minister of the Republic of Mali, will pay an official visit to China from 25th to 31st this month at the invitation of Premier of the State Council Li Peng.

This was announced here today by a Chinese Foreign Ministry spokesman.

#### Malaysian Deputy Premier To Visit

*OW1808080694 Beijing XINHUA in English 0725 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—Malaysian Deputy Prime Minister Anwar bin Ibrahim will pay an official visit to China from 25th to 31st this month at the invitation of Vice-Premier Zhu Rongji.

This was announced here today by a spokesman of the Chinese Foreign Ministry.

#### Mongolian Great Hural Chairman To Visit

*OW1808082094 Beijing XINHUA in English 0741 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—N. Bagabandi, chairman of the Mongolian state Great Hural, is to pay an official good-will visit to China from 22nd to 27th this month at the invitation of the Standing Committee of the National People's Congress.

This was announced here today by a Chinese Foreign Ministry spokesman.

#### Vanuatuan Delegation To Visit

*OW1808072694 Beijing XINHUA in English 0658 GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—A delegation from Vanuatu Parliament headed by its Speaker Alfred Masengnalo is to pay an official good-will visit to China from 20th to 25th this month at the invitation of the Chinese National People's Congress Standing Committee.

This was announced here today by a spokesman of the Chinese Foreign Ministry.

### Daily Sees Progress in U.S. Mideast Peace Efforts

*HK1708141594 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Aug 94 p 6*

[“Special article” by Xiong Zhongqi (3574 0112 3825): “Christopher’s Trip to the Middle East”]

[Text] U.S. Secretary of State Christopher visited the Middle East on 5 August on another shuttle trip, his second in the last two weeks, travelling to Egypt, Jordan, Israel, and Syria in an attempt to bring Syria and Israel back to the table for direct talks. He left Tel Aviv for Washington on 9 August. Although the trip failed to restart direct talks between Syria and Israel, Christopher maintained that his talks with Syrian President al-Asad and Israeli Prime Minister Rabin have laid a “foundation” for peace between the two countries, though he did admit that a “there is still a long way to go before there is peace between Israel and Syria.”

Peace talks between Syria and Israel have become the key to the Middle East peace process. The first breakthrough in Arab-Israeli relations came in 1979 when Egypt and Israel signed the “Camp David Accord.”

In September 1993, the Palestine Liberation Organization and Israel signed an accord recognizing initial self-rule in the Gaza Strip and Jericho, signalling a breakthrough in the Palestine problem, which has been the central element of the conflict between the Arabs and Israel. On 25 July, King Husayn of Jordan and Israeli Prime Minister Rabin signed an agreement in Washington putting an end to the hostility between the two countries. All that remains now are the issues of Syrian-Israeli and Lebanese-Israeli relations, and these two blockages in the Middle East peace process still refuse to move. The relations between Syria and Israel are the key to the process.

The Golan Heights is the main area of contention between Syria and Israel. It lies on the southwestern Syrian frontier, stretching some 60 km from north and south and 20 km at its widest in its mid-section, occupying an area of approximately 1,150 sq km and overlooking the Syrian capital Damascus on the east and the Israeli coastal plain and Port of Haifa on the west. Its location is highly strategic.

The Golan Heights were occupied by Israel during the “Six-Day War” in 1967. The Syrian-Israeli accord in 1974 called for the withdrawal of Israeli troops from a 630 sq km narrow band in the east, including the town of al-Qunaytirah, the establishment of a buffer zone 1.2 to 3.6 miles wide, and the stationing of UN military observers there. In 1981, the Israeli Knesset passed a bill annexing the part of the Golan Heights still under occupation, despite Syria’s strong objections.

Through Christopher, Israel proposed a three-stage withdrawal from the Golan Heights over a period of five to eight years and that relations would be normalized and borders would open as soon as that withdrawal begins. Syria insisted that UN Resolutions 242 and 338 be used as the basis, that the “entire territory be traded for total peace,” and that Israel repeal the Knesset legislation annexing the Golan and pledge to pull out its military from the entire region before diplomatic relations could be established between the two countries. Shortly before Christopher’s July Middle East trip, Israeli Foreign Minister Peres publicly recognized Syria’s sovereignty over the Golan Heights. A relatively great gap nonetheless still remains between the two sides.

U.S. Secretary of State told reporters on his way home after concluding his trip that his last Middle East trip removed the psychological barriers between Syria and Israel, and on this visit he saw a “more pragmatic attitude from both sides” toward the problems. Christopher believed: “Both Israel and Syria are seriously thinking about ways to achieve peace.”

Through this visit, people can see that, although direct negotiations between Syria and Israel have yet to be resumed, the process, with Christopher acting as the mediator, is continuing. Although both sides are standing by their positions, they are nevertheless “thinking seriously” about the other’s view and are prepared to make the “necessary concessions.”

### UN Trade Network Opens Branch in Shanghai

*OW1708133994 Beijing XINHUA in English 0955 GMT 17 Aug 94*

[Text] Shanghai, August 17 (XINHUA)—The United Nations trade network has established a branch in Shanghai and accepted applications from more than 140 enterprises.

Aiming at improving trade efficiency, the “Shanghai Center” under the network was listed among 19 trade testing sites the U.N. chose all over the world in 1992.

Located at the Shanghai Bund, a booming financial area five decades ago, the center will focus on exchange of international trade information through an advanced computer network.

As the largest port city in China, Shanghai has established economic relations with more than 180 countries and regions. The annual export and import volume in the city has surpassed 30 billion U.S. dollars.

### United States & Canada

#### Former President Bush Cited on Improving Relations

*HK1808041094 Beijing ZHONGGUO XINWEN SHE in English 1224 GMT 17 Aug 94*

[Text] New York, August 16 (CNS)—George Bush, former president of the United States, said in Chicago

yesterday morning that China has made remarkable progress in the fields of freedom and human rights. China will not rule its own country on orders of America. Since countries in the world all have their own conditions, America should not lecture others everywhere.

Delivering a speech at the 49th American Metals Fair in Chicago, Bush said that during the 1992 campaign for the presidential election he was criticized severely by his opponents for not adopting tough measures to punish China and for not canceling the most-favored-nation clause in trade with China. Now facts have approved that his policy is correct.

Compared with the period 1975-76 when he and his wife Barbara lived in Beijing, Chinese people of today enjoy much more freedom and human rights, which is also a great improvement from the period when President Nixon first opened the door of China. "China has to feed a population of 1.2 billion and will not rule its own country by following directives of America", Bush said, "We should maintain friendly relationship with China but not telling the Chinese how to rule this great country."

The speech of Bush won the applause of more than 2,000 entrepreneurs who came to attend the fair in America from all over the world.

American Metals Fair that is held once a year is the world's largest display of metals. This year 50 American states and 3,000 companies of more than 100 countries have attended the function. China's chamber of commerce on machinery and electrical equipment has organized 28 import and export companies to attend the fair. It is the fourth successive year that the trade chamber has sent its delegation to the fair.

**U.S. Commerce Secretary To Visit 'Late August'**  
*OW1808032894 Beijing XINHUA in English 0103  
GMT 18 Aug 94*

[Text] Washington, August 17 (XINHUA)—U.S. Commerce Secretary Ronald Brown, at President Clinton's request, will lead a "presidential business development mission" to China in late August, it was revealed here today.

In announcing the first cabinet-level visit since the Clinton administration renewed most-favored-nation status with China in May, Secretary Brown said that "this mission initiates a new era in U.S.- China relations."

He also said that "a strong U.S. commercial relationship with China is a powerful force for positive change within China and a critical element for stability on the Asian continent."

Brown will be joined by 24 chief executive officers from major U.S. corporations on the trip, which will also take them to Hong Kong.

The secretary called their participation in the mission absolutely vital to "forging a long-term, economically expansive and socially aware U.S.-China commercial partnership, which addresses long-term U.S. and global economic security interests."

He noted that active U.S. engagement recognizes the importance of the world's fastest growing economy to U.S. economic growth.

The U.S. Commerce Department has identified China as one of the world's largest emerging markets, in fact the largest of the ten identified by the department, offering the greatest opportunity for U.S. trade expansion in the 21st century.

While in China, Secretary Brown and his delegation will meet with senior Chinese Government officials, and as co-chairman of the U.S.- China joint commission on commerce and trade, he is expected to preside over the signing of a number of bilateral agreements.

**Johnson & Johnson Opens Wholly Owned Firm in Shanghai**

*OW1708132394 Beijing XINHUA in English 1142  
GMT 17 Aug 94*

[Text] Shanghai, August 17 (XINHUA)—The Johnson and Johnson Company of the United States, the largest health care company in the world, opened a wholly-owned subsidiary here yesterday.

The subsidiary, the Johnson and Johnson (China) Co. Ltd., is the first wholly-owned firm set up by the Johnson and Johnson Company in China.

It was built in the Minhang Economic and Technological Development Zone, at a total cost of more than 28 million U.S. dollars. It will manufacture health care products for babies and women, and medical diagnostic apparatuses.

**Editorial on Restoration of Sino-U.S. Military Ties**

*HK1808062394 Hong Kong WEN WEI PO in Chinese 18 Aug 94 p A2*

[Editorial: "The Chinese and American Armies Have Begun Restoring Relations"]

[Text] The Chinese and U.S. military have stepped up exchanges recently. This is an inevitable development since the United States changed its assessment of the strategic pattern of the world. Recently, the U.S. Defense Department extended an invitation to General Xu Huizi, People's Liberation Army deputy chief of general staff, for a 10-day visit, including tours of the U.S. Pacific Command and other military facilities. This is the first visit by a senior Chinese military leader to the United States since 1989, and will certainly promote further development of Sino-U.S. military cooperation.

Relations between the Chinese and U.S. Armed Forces do not develop in isolation; they are necessarily restrained or promoted by the pattern of diplomatic relations between the two countries. When Sino-U.S. relations are at low ebb, Sino-U.S. military cooperation is affected. The current visit to the United States by Xu Huizi is indirectly linked to the U.S. side's need for cooperation with China in tackling the issue of security and stability in the Asia-Pacific region, especially in Northeast Asia.

The United States is very pragmatic in handling its military relations with foreign countries. Before the end of the Cold War, in order to keep Soviet military expansion at bay, the United States was very enthusiastic about military cooperation with China, and in 1984 Reagan signed the "agreement on science, technology, and information" during his trip to China. At that time, the U.S. military was very eager on this matter and repeatedly proposed joint military exercises with the Chinese military. But China is a nonaligned country, and it certainly understands that joint military exercises can only be held by military allies.

After 1989, the enthusiasm on the U.S. side underwent great change. The United States severed contacts with the Chinese military, banned the transfer of high technology from U.S. firms to China's aviation companies or defense industries, and prohibited the import of military products from China. Some U.S. congressmen also vigorously criticized the import into the United States of civilian goods from China's military industries.

This situation has begun to change since the end of last year. Bill Clinton has paid more attention to affairs in the Asia-Pacific region, and carried out a "strategy of thorough contact [quan mian jie chu zhan lue 0356 7240 2234 6051 2069 3970]" with China, in the hope of securing markets in the Asia-Pacific region and in China. U.S. security experts have also begun to criticize the U.S. policy of isolating China, saying that it hurts Sino-U.S. relations on the one hand and U.S. strategic interests in the Asia-Pacific region on the other, and that it makes it impossible for the United States to handle its relations with Asian countries properly, for they will not follow this kind of U.S. policy. The United States has also noticed that Sino-Russian military exchanges have always been normal, and that China and Russia have discussed the issue of exchanges of military technology. There is no conflict of interests between China and the United States, and it is really not appropriate for the United States to stick to its policy of not allowing exchanges between senior Chinese and U.S. military personnel.

A multipolar world is emerging, and continuing the isolationism of the Cold War period is indeed not conducive to U.S. strategic interests. Assistant Secretary of Defense Chas Freeman, who worked his way up as a "China expert," visited China last November and exchanged ideas with China on the restoration and

development of military relations and on issues of regional security which concern both sides. The United States attaches importance to China's military strength and has noted China's ability in handling the issue of regional security. In March this year, Under Secretary of Defense Frank Wisner accompanied Warren Christopher to China, and invited Deputy Chief Xu Huizi to visit the United States.

At that time, the issue of most-favored-nation [MFN] trading status was still unresolved, and a date for Xu Huizi's visit was not fixed. In May, President Bill Clinton announced the separation of the human rights issue from the MFN issue, and the temperature for mutual visits by Chinese and U.S. military officers began to rise. In July, Admiral Charles Larson, commander of the U.S. Pacific Command, visited China. Thereafter, China and the United States established a joint commission on changing military industries into civilian ones, and the commission has announced that a meeting will be held in the fall.

The United States is interested in the changing of Chinese military industries into civilian ones, because many U.S. military industries have received fewer and fewer orders since the end of the Cold War and must change themselves into enterprises producing civilian products, and in this regard they want to borrow from China's experience. Exchanging experience, or even launching reciprocal cooperation, is good for both sides.

Xu Huizi has begun his trip to the United States in this "rising temperature," and this is naturally very suitable. If the United States is willing to lift the ban on the transfer of high technology to China and the restrictions on imports of Chinese military products, then the two countries will be able to restore military relations even faster.

### Northeast Asia

#### KCNA Cited on 'Consistent' DPRK Nuclear Stance

*OW1708185594 Beijing XINHUA Domestic Service in Chinese 1536 GMT 17 Aug 94*

[Text] Pyongyang, 17 Aug (XINHUA)—Kang Sok-chu, head of the DPRK delegation to the third round of talks between DPRK and U.S. senior officials and the first vice foreign minister, returned to Pyongyang by plane today.

Kang Sok-chu participated in the third round of DPRK-U.S. talks with Assistant Secretary of State Gallucci in Geneva from 5 to 12 August. The talks achieved breakthroughs on a series of important issues, including the solution to the DPRK's nuclear issue and the improvement of DPRK-U.S. relations. Both sides expressed satisfaction with the results of talks.

According to a KCNA report today, Kang Sok-chu stated after the talks on 13 August that the DPRK's stance on solving the nuclear issue through dialogue was "consistent and unchangeable."

He said the policy and line laid by the late President Kim Il-song "will remain unchanged."

He emphasized that Korea's reunification should be realized under the three principles of independence, peaceful reunification, and national unity and in the form of confederation.

On "special inspections" for the DPRK, he expressed strong opposition to such "special inspections." He maintained that the issue of the United States supplying a light-water reactor to the DPRK "should by no means be linked to special inspections."

Discussing the DPRK's relations with Japan, he said: The normalization of DPRK-Japan relations, which have been suspended for a long time, will hinge upon Japan's attitude. Japan should withdraw the unjustified preconditions it set previously and should unconditionally participate in talks on the normalization of DPRK-Japan relations.

#### Article Views Economic, Military Aid to DPRK

HK1808111294 Hong Kong TANGTAI in Chinese No 41, 15 Aug 94 pp 57-58

[Article by Lo Chih-an (7482 1807 1344): "China and DPRK To Strive for Stability in Politics and 'Breakaway' in Economics—Outlook for Sino-DPRK Relations After Kim Il-song's Death"]

[Text] The situation on Korean peninsula became tense following DPRK President Kim Il-song's sudden death last month, but fortunately has not deteriorated since then. When people quieted down, they shifted their attention to some long-term issues, such as how will the U.S.-DPRK nuclear talks go? (By the time this article is completed, the DPRK had offered a package, including showing its willingness to keep talking to the United States, asking for U.S. help to change nuclear fuel rods, and allowing, under this precondition, UN personnel to inspect its nuclear facilities). How will Sino-DPRK relations develop? Whether or not they will follow the same old path trodden by many communist countries and will discard their revolutionary friendship and become enemies?

#### Keep Making Use of DPRK in Politics

According to sources in Beijing, China's senior leaders have also suggested following Kim Il-song's death that it is necessary to handle Sino-DPRK relations with great prudence: The tactic under the current situation is that, politically, we must maintain stable relations, however, militarily and economically, we must keep the DPRK at a distance and reduce our commitments step by step.

The so-called tactic of "maintaining stable political relations" is, frankly speaking, to keep making use of China's influence over the DPRK as an instrument to indirectly augment its influence in international affairs. In particular, when dealing with the United States,

China can make use of its influence over the DPRK to indirectly force the United States to exert less pressure on China in other matters. However, this instrument must be used in an appropriate way because China does not want to intervene too much in other countries's affairs (if China's immediate interests are not involved) and the DPRK is not an entirely cooperative instrument. Therefore, maintaining stable relations while observing any changes is China's current political policy toward the DPRK.

However, military and economic circles have markedly expressed their wish to keep the DPRK at a distance, and this inclination can be traced back to past events.

Owing to the "blood ties" of the 50's, China unconditionally supported the DPRK to fight against the United States and the ROK during the War To Resist U.S. Aggression and Aid the DPRK, thus ensuring the DPRK's continued existence, and this type of military relationship was maintained in the post-war years. However, in the 1970's and 1980's, China gradually moved to a stage of stable development, the whole nation started focusing on economic construction instead, and the military budget was curtailed (Deng Xiaoping's 1 million-man disarmament is a case in point). Of course, military aid to the DPRK was also reduced. However, the DPRK did not make fewer demands on China, but, on the contrary, it often made military requests on the grounds that the "situation on the Korean peninsula has not been alleviated." For example, the DPRK asked for the Chinese military's help to train its Army, but since the training base was within China's borders, the cost of training and exercises was naturally borne by China.

#### DPRK Asks China To Train Its Army

In addition, the DPRK military also asked for China's acceptance to send its military officers for training in China. Many things were involved in this issue because it not only concerned ordinary training problems, but, more importantly, the DPRK military was being given a chance to have a direct grasp of information about the Chinese military's concrete operations, which also posed a great threat to China's military secrets.

During the mid-1980's, when Hu Yaobang was the person in charge, the DPRK even directly asked China to set aside a border area of considerable size in Jilin Province as a military training base. Such a request was undoubtedly tantamount to encroaching upon China's territory.

On the one hand, China rejected the request, but on the other hand, due to political considerations, it could not but make some commitment (for example, some DPRK military officers were allowed to receive low-level training in China). However, the two countries had already had quite a number of disputes behind closed doors. Now that Kim Il-song is dead and the past friendship of veteran revolutionaries has also gone, it is

natural that the Chinese military is unwilling to take responsibility for the DPRK any more.

#### **Material Aid Given to DPRK as Subsidy**

Officials in charge of economic affairs and economic circles have a similar reaction and wish to cast off the economic burden of the DPRK. As a matter of fact, the DPRK is much more dependent on China's economic aid than the latter's military assistance. Taking their bilateral trade as an example, it is better to say that China is supporting the DPRK with a great quantity of goods and materials rather than describing it as "trade."

At present, their bilateral trade is largely proceeding on a barter basis and many trading activities are in the form of border trade. However, China gives nearly 100 types of goods to the DPRK every year by "trade" (more than 70 types of goods were given to the DPRK in 1987, ranging from daily necessities such as food and rice to household electric appliances and other major equipment), while the goods and materials the DPRK "trades" with China every year is mainly fish caught in the Yalu Jiang, poultry, and certain light industrial products, of which there are no more than 20 types.

As everyone knows, the two countries' river boundary was originally demarcated by the center of the river, but during their "honeymoon," in order to show goodwill toward the DPRK, Chinese leaders moved the boundary back to the Chinese bank and gave all the resources of the Yalu Jiang to the DPRK. In other words, fish caught by the DPRK in the Yalu Jiang should not be solely owned by the DPRK, and it is ridiculous to hear that the DPRK is now taking goods and materials in the Yalu Jiang as resources to trade with China.

#### **"Trilateral Trade" Tantamount to Assistance**

China could not meet the DPRK's demands for heavy machinery and timber because China has a great demand for these goods and materials too. The DPRK could not but seek help from the Soviet Union then. However, it did not have adequate goods and materials to barter. Eventually, it could not but ask China to augment its "trade volume" and to develop "trilateral trade." That is, China was asked to provide more daily necessities and light industrial products to the DPRK so that the latter could barter them for the Soviet Union's heavy machinery and other goods and materials (the Soviet Union lacked supplies of daily necessities and light industrial products), while the DPRK would give China more fish and poultry. This kind of "trilateral trade" developed afterwards. In order to avoid rounds of communication and transportation, the DPRK flatly asked China to send the goods and materials bartered directly to the Soviet Union, while the Soviet Union would deliver its heavy machinery and timber directly to the DPRK, the DPRK would deliver its fish and poultry directly to China, and then the three parties would settle their accounts with each other.

Later, this kind of "trilateral trade" evolved into monetary transactions, but a considerable proportion of the barter trade between China and the DPRK was still retained. Following the Soviet Union's breakup, the DPRK sometimes even sold off goods and materials provided by China as indirect aid to get more foreign exchange in return. Nobody can accurately say how much aid China has given the DPRK every year until now.

Hence, according to most Chinese economic officials and figures in economic circles, China cannot commit itself further to aiding other countries because it is also striving for economic construction. As far as the DPRK is concerned, the Chinese authorities wish to exercise their influence to help the DPRK take the path of reform and opening up. Rumor has it that the DPRK's new leader, Kim Chong-il, has secretly visited Shenzhen three times. According to the Chinese authorities, only when changes are made in a gradual way can Sino-DPRK relations remain stable, but economic aid will certainly decline at the present stage.

#### **Wu Xueqian Meets ROK Delegation, Discuss Ties, Region**

*OW1808043894 Beijing XINHUA in English 0327  
GMT 18 Aug 94*

[Text] Beijing, August 18 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here this morning with Choe Chong-ki, director of the International Issues Research Institute from the Republic of Korea (ROK), and his party.

Their conversation centered on the growth of bilateral ties and the regional situation.

#### **Southeast Asia & Pacific**

##### **XINHUA Reports Sino-Vietnamese Border Talks**

*OW1708172394 Beijing XINHUA in English 1726  
GMT 17 Aug 94*

[Text] Hanoi, August 17 (XINHUA)—Vietnamese Foreign Minister Nguyen Manh Cam today met with Chinese Vice Foreign Minister Tang Jiaxuan, who is here for the second round of border talks between the two countries.

Tang, whose delegation arrived here on August 14, said that the exchanges and cooperation between Vietnam and China have resumed and improved since the normalization of relations between the two countries.

He said that the two sides should solve the issue of the border and territorial problems through negotiations.

He stressed China maintains a policy of developing friendship and cooperation with Vietnam on the basis of the Five Principles of Peaceful Co-existence.

Nguyen said that his country would make efforts in solving the border and territorial problems with China through negotiations.

Tang also held border talks with his Vietnamese counterpart Vu Khoan earlier this week.

Both sides exchanged views on the progress made in solving the border disputes since the first round of border talks in 1993, and reached some common views on the issue of Nansha [Spratly] Islands.

Both sides agreed that all the border and territorial problems between the two countries, including that of Nansha, should be solved in accordance with the understanding reached between the leaders of the two countries, as well as the basic principle agreements reached by the two sides in 1993.

They also agreed that the two countries should resort to talks instead of force or the threat of the use of force in dealing with the disputes.

They said that the development of normal relations between China and Vietnam should not be affected by the disputes over border and territory, and both sides should keep calm and exercise restraint when any problem comes up.

### Two Delegations Discuss Spratlys

OW1808054994 Beijing XINHUA Domestic Service in Chinese 0412 GMT 18 Aug 94

[Text] Hanoi, 18 Aug (XINHUA)—On 17 August, Nguyen Manh Cam, Vietnamese Foreign Affairs Minister, had a meeting with visiting Tan Jiaxuan, head of the Chinese Government delegation and vice minister of foreign affairs, and all the members of his delegation.

Tang Jiaxuan said: Our two countries' exchange and cooperation have been fully reinstated and developed since the normalization of Sino-Vietnamese relations. The two sides should properly settle the two countries' border and territorial issues [bian jie ling tu wen ti 6708 3954 7325 0960 0795 7344] through negotiations. Tang Jiaxuan stressed: It has always been China's policy to develop Sino-Vietnamese good neighborly and reciprocal cooperative relations on the basis of the five principles of peaceful coexistence. For the sake of peace and stability in this part of the world as well as for Sino-Vietnamese friendship in the 21st century, China is ready to work hard with Vietnam to bring about a steady, long-term development of the two countries' relations.

Nguyen Manh Cam said: Vietnam attaches great importance to developing friendly and cooperative relations with China because this accords the fundamental interests of the peoples of our two countries. Foreign Minister Nguyen Manh Cam indicated that Vietnam will carry out friendly consultations with China and will make efforts to settle the two countries' border and territorial issues.

Zhang Qing, Chinese ambassador to Vietnam, was present at the meeting.

Tang Jiaxuan and his delegation arrived in Hanoi on 14 August. During the visit, Tang Jiaxuan and Vu Koan, Vietnamese vice foreign affairs minister, had the second round of Sino-Vietnamese governmental border talks. The two sides reviewed the efforts and progress which the two countries' expert groups have made since the first round of Sino-Vietnamese governmental talks in 1993, and they achieved some common understandings during their candid and full exchange of views on the Nansha [Spratlys] issue. The two sides agreed that the two countries' border and territorial issues, including the Nansha issue, should be properly settled rationally through negotiations, instead of resorting to force or the threat of force, on the basis of the understandings reached by leaders of the two countries as well as the accord of basic principles the two countries signed in 1993. The two sides agreed that normal development of the two countries' relations should not be affected by disputes. In case any problem occurs, the two countries should give priority to the two countries' relations, keep calm and exercise restraint, and promptly resolve the problem through consultations so that the situation will not become more complex. The two sides maintained that the second round of negotiations was useful for promoting mutual understanding and settling differences through negotiations in the future.

### Near East & South Asia

#### Product Exhibition Opens in Beirut 17 Aug

OW1708211594 Beijing XINHUA in English 2042  
GMT 17 Aug 94

[Text] Beirut, August 17 (XINHUA)—A Chinese goods exhibition was opened here tonight and the organizer announced this was a fresh effort to "link up" businessmen of the two countries.

Lebanese Minister of State for Parliamentary Affairs Anwar al-Khalil and Chinese Ambassador to Lebanon Zhu Peiqing cut the ribbon to open the exhibition at the Beau Rivage Hotel. The exhibition is scheduled to last six days.

A senior official of the China Economic and Trade Consultants Corporation, which organized the exhibition, said that there were 12 Chinese companies taking part in the exhibition.

Lu Peinan said that the 12 participants come from the Chinese provinces of Guangdong, Zhejiang, Jiangsu, Liaoning, Henan and Shandong as well as the city of Shanghai.

He said that it was the first time for them to come to this Middle East country to display their products and their main purpose is to "get the first knowledge of the local market in Lebanon."

The Chinese corporation, set up in 1980, is a subsidiary enterprise of the Chinese Economic and Trade Ministry whose function is to provide information on the world and regional markets for Chinese businessmen.

Lu Peinan noted that the Beirut exhibition of Chinese products is held within a pluralization strategy blueprinted by the Chinese Economic and Trade Ministry for a further development of trade with foreign countries.

Another purpose of the exhibition, he added, is to show to the outside world the improvement of quality of the Chinese products which used to be described as "goods of poor quality with low prices."

This is the second exhibition of its kind held in Lebanon since the end of the country's 15-year-old civil war in 1990. The last Chinese goods exhibition was held in Beirut last October.

The trade volume between China and Lebanon amounted to 100 million U.S. dollars last year and experts expect a further increase this year.

#### **Indian Minister Says Border Dispute 'Frozen'**

BK1708171894 Beijing China Radio International in Urdu 1600 GMT 3 Aug 94

[Text] Salman Khursheed, Indian minister of state for external affairs, said yesterday that after the end of the cold war, significant changes have taken place in the politicoeconomic situation of the world. Therefore, the Indian Government has appropriately formulated its foreign policy. The Indian Government will be making efforts to adopt a new foreign model, in other words, a dual model [as heard]. THE ECONOMIC TIMES published his statement yesterday. Clarifying the dual model, he said if there is any problem or difference between the two countries, first, all problems and differences should be frozen. Through other aspects, or in other words, through other sources, the friendly ties between the two countries should be promoted as soon as possible. If the relations between the countries develop in an uninterrupted manner through other means, it will help resolve any problems. He said India has done so in carrying forward its relations with China. The border dispute has been frozen. The pace of development of educational and cultural [ties] as well as exchanges between the people of the two countries has been expedited. He said India has done so in carrying forward its ties with the United States and European countries also.

#### **Commentary Views 'Dual' Formula**

BK1708172994 Beijing China Radio International in Hindi 1500 GMT 3 Aug 94

[Text] Salman Khursheed, Indian minister of state for external affairs, has said that since the Cold War, there has been a great change in the international politicoeconomic situation. Keeping this in mind, the Indian Government has made the appropriate changes in its foreign

policy and begun making every effort on the development of a new political formula, that is, a formula on dual (?theory). Khursheed said this in an interview with the correspondent of the Indian magazine ECONOMIC TIMES.

Explaining the dual (?theory) formula, he said that if there is any problem or difference of opinion between the two countries, first of all, the problems and the differences of opinions will be (?frozen) and then in other spheres, that is, through the other [words indistinct], friendly ties between the two countries will be expanded as soon as possible. If bilateral relations between the two countries in other spheres develop with sufficient speed, the resolution of other problems will be encouraged. He said India has done so in conducting its relations with China. That is, by (?freezing) the border dispute, the pace of development in educational and cultural fields, as well as exchanges between the people, has been expedited.

#### **West Europe**

#### **Government, EC To Build Management Center in Shanghai**

OW1808063494 Beijing XINHUA in English 0157  
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—China and the European Community have agreed to build a China-E.C. management center in the Pudong New Area of Shanghai. The center will provide training for senior management professionals involved in economic and trade cooperation, official sources said.

According to the agreement, signed by representatives of the E.C., the Shanghai Municipal Government and Jiaotong University in the city, the E.C. will invest 18 million U.S. dollars and the Chinese side will put 16 million U.S. dollars into the projected 40,000-sq-m [square meter] center.

Construction of the center will start at the end of this year. The entire project is expected to be completed by 1997.

An ex-E.C. official said that E.C.-China trade has developed by leaps and bounds in the past several years, and therefore, more senior management personnel are needed.

The center, to be staffed by E.C. teachers, will run two-year courses for college graduates and three-year on-the-job training courses for enterprise management personnel.

In 1984, E.C. set up a similar, but smaller, center in Beijing.

#### **Li Peng's Germany Visit Called 'Most Important' Move**

HK1808072994 Hong Kong KUANG CHIAO CHING in Chinese No 263, 16 Aug 94 pp 6-9

[Article by Liang Jun (2733 7165): "Li Peng Discloses Latest CPC Strategic Arrangements"]

**[Excerpt] "The Most Important Diplomatic Move by China in the First Half of This Year"**

From 29 June to 12 July of this year, Chinese Premier Li Peng visited Austria, Germany, and Romania. Internal sources in China held that this trip by Li Peng was China's most important diplomatic move in the first half of 1994.

To Li Peng, this was his second visit to Europe on invitation in the capacity of premier.

**Li Peng's Second Visit to Europe on Invitation**

In February 1992, Li Peng visited Italy, Switzerland, Portugal, and Spain on invitation. It was only two years and eight months after the "4 June" in 1989.

At that time, Li Peng visited Europe for the first time in the capacity of premier. The aim of his visit was to break the sanctions and blockade of European countries against China since "4 June." That year was also the first year after the disintegration of the former Soviet Union and Eastern Europe, and the end of the Cold War. China readjusted its foreign policy in that year to fit in with the changed international community. A pluralistic diplomatic offensive emerged, for example, the establishment of diplomatic relations with South Korea, ignoring the opposition of Korea; the establishment of diplomatic relations and fostering of cordial relations with Israel; and so on.

**The Latest Strategic Arrangements of the CPC**

From January 1992 to Li Peng's recent European visit, the violently changing world tended to fall into a pattern. With the growth of national strength and successive victories in foreign affairs, China had sufficient time to formulate new policies and strategic arrangements. These arrangements were put into practice, beginning with President Jiang Zemin's attending the UN conference in November 1993, and on the whole, were completed with Li Peng's visit to Europe. Their main points are:

- To change from struggling against the United States, to dialogue and cooperation with it to the greatest possible extent;
- To carry out friendly exchanges with Western Europe, and with Germany in particular—moving toward "partnership relations" and setting Sino-German friendship as an example—and to check the United States, isolate Britain, and influence France;
- To foster cordial relations with the East European countries, again transcending ideology, and setting Sino-Romanian friendship as an example;
- To gear to the 21st century by implementing the principle of "regarding economics as the most important politics," so as to strive to create the best international environment in the interest of China's development, to expand its space for existence, and to rapidly develop the domestic economy.

**Making Breakthroughs at Key Points in Pluralistic Diplomacy**

The remaining points below were completed by Li Peng during this visit to Europe. In recent years, quite a few European countries had invited Li Peng to visit them. China was very particular about selecting Austria, Germany, and Romania for Li Peng to visit.

The emphasis of this visit was put on Germany and Romania, and of these two countries, Germany was emphasized.

First, Germany is the only big country in the West which can keep the United States under check and balance, and is also the world's third biggest economic power, with a strength inferior only to the United States and Japan.

Second, Germany is the West European country that is most friendly to China. On 7 April 1992, German Chancellor Kohl waved the olive branch to China on his own initiative, and sent a letter to Li Peng under the pretext of the international environment development conference. Li Peng took the hint and immediately wrote a reply to Kohl. In October of that year, German Foreign Minister Kinkel visited China, which marked the normalization of relations between the two countries. To date, there has been no major dispute between China and Germany, whereas there is the most-favored-nation issue between China and the United States, the Hong Kong issue between China and Britain, and the issue of selling weapons to Taiwan between China and France. In addition, Germany is also the most open country with regard to high-technology exports to China. Kohl visited China in November last year. Therefore, Li Peng first chose Germany in his visit to Europe.

Third, the economic relations between China and Germany are good. In recent years, bilateral trade volume has increased constantly. In 1992, it was \$6.471 billion and in 1993, it already had reached \$10 billion, which accounted for half of China's total trade volume with Europe as a whole. In the first quarter of this year, Sino-German trade volume was again 41.5 percent over the same period last year, and the trade volume for the whole year is expected to greatly exceed that of last year, which was a record-breaker.

The timing of the visit to Germany also was fixed cleverly, at the same time as Clinton's visit to Europe. The second day after Li Peng left Germany, Clinton arrived in Germany for a visit. In any case, whether or not Clinton is willing to do so, he must face the question of "U.S. relations with China since China and Germany are friendly to each other." [passage omitted]

**Latin America & Caribbean**

**Brazilian Foreign Minister Lauds Relations**

*OW1308173894 Beijing XINHUA Domestic Service in Chinese 0728 GMT 10 Aug 94*

[By reporter Jia Anping (6328 1344 1627) ]

[Text] Brasilia, 9 Aug (XINHUA)—Brazilian Foreign Minister Celso Amorim emphasized in Brasilia on 9 August: Brazilian-Chinese relations have been constantly consolidated and developed over the past 20 years. Mutual understanding between the two sides has also deepened by the day. Brazil is willing to maintain its friendly relations with China over the long term based on mutually beneficial cooperation.

Foreign Minister Amorim attended a reception hosted by the Chinese Embassy in Brazil at noon on 9 August to mark the 20th anniversary of the establishment of diplomatic relations between China and Brazil. In his speech, he also pointed out: The exchange of high-level visits between the two governments and ever-increasing bilateral contacts in various fields signals the common desire of both sides to further the two countries' relations.

Amorim said: Brazil and China are cooperating in important sectors of the economy, such as hydroelectric power, mining, telecommunications, and space technology. Although Brazilian-Chinese relations have matured, there is vast potential for further development.

Chinese Ambassador to Brazil Yuan Tao, in his toast, noted: The development of bilateral relations has been fruitful during the 20 years since China and Brazil established diplomatic relations. In international affairs, China and Brazil adopt similar stands on many issues as they both pursue an independent foreign policy of opposing interference by other countries and of maintaining world peace. The two sides have gotten off to a good start in economic cooperation, having signed more than 30 cooperation agreements covering various fields.

China officially established diplomatic relations with Brazil on 15 August 1974. Over the past 20 years, the two countries have constantly strengthened friendly relations and cooperation in the political, economic, trading, scientific, technological, cultural, and educational fields. Brazil is now China's largest trading partner in Latin America. Bilateral trade totaled \$1.06 billion in 1993. Chinese-Brazilian cooperation in the joint development of a satellite to survey the earth's resources has been dubbed "South-South cooperation on the largest scale" and a model of cooperation in areas of high technology between developing countries.

Also attending today's reception were senior government officials, including Luiz Octavio Gallotti, president of the Brazilian Supreme Court; Brazilian Labor Minister Marcelo Pimentel; Jose Israel Vargas, Brazilian science and technology minister; and Culture Minister Luiz Nascimento.

#### **Qian Qichen, Wang Hanbin Meet Panamanian Chief Justice**

*OW1608102794 Beijing XINHUA in English 1012  
GMT 16 Aug 94*

[Text] Beijing, August 16 (XINHUA)—Qian Qichen, Chinese vice-premier and foreign minister, and Wang Hanbin, vice-chairman of the Chinese National People's Congress Standing Committee, met with Eduardo Valdes Escoffery, chief justice of Panama's Electoral Court, here today respectively.

The Panamanian guest, who arrived here at the invitation of the Chinese Foreign Ministry, will travel to Xian, Shanghai and Guangzhou.

## Political & Social

### Li Peng Signs Decree on Regulations on Selling Stocks

OW1808090694 Beijing XINHUA Domestic Service in Chinese 2117 GMT 17 Aug 94

[Text] Beijing, 18 Aug (XINHUA)—State Council Decree No. 160 of the People's Republic of China:

The "Special Regulations of the State Council on Limited Companies' Selling Stocks and Listing Outside the Country" were approved by the 22d meeting of the State Council Standing Committee on 4 July 1994, and are hereby promulgated for implementation on the date of promulgation.

[Signed] Premier Li Peng

[Dated] 4 August 1994

### Hu Jintao Inspects Inner Mongolia 9-16 Aug

OW1808081594 Beijing XINHUA Domestic Service in Chinese 1423 GMT 16 Aug 94

[By XINHUA reporter Tang Ji (3282 6060) and NEI MONGGOL RIBAO reporter Yang Yankui (2799 1750 7608)]

[Text] Hohhot, 16 Aug (XINHUA)—During his inspection tour of the Inner Mongolia Autonomous Region, Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and Secretariat, stressed the need to persist in regarding economic construction as the central task, to firmly grab the current historical opportunity, step up reform, broaden the scope of opening up, do work in a down-to-earth manner, and ensure that economic construction and work in all fields develop rapidly and properly.

From 9 to 16 August, in the company of Wang Qun, secretary of the Inner Mongolia Autonomous Regional CPC Committee, and Wuliji, chairman of the Inner Mongolia Autonomous Regional Government, Hu Jintao inspected some rural and pastoral areas, factories, enterprises, and scientific research units in Xilin Gol League, Ulanqab League, Baotou city, and Hohhot city. Wherever they went, Hu Jintao and his party visited local peasants' and herdsmen's families, and factories, to learn the actual situation of the grass roots. They also sought opinions from local leading cadres, grass-roots cadres, and masses, on the current efforts to deepen reform, broaden the scope of opening up, accelerate development, and maintain stability; and discussed ways to rejuvenate Inner Mongolia's economy.

Hu Jintao said: With efforts to promote reform and opening up over the last 15 years, Inner Mongolia's economic construction has been raised to a new level, work in all fields has developed robustly, the livelihood of people of all nationalities has noticeably improved, and the new socialist nationality relationships have been

further strengthened. Currently, the economic and political situation in all of Inner Mongolia is good. Changes and progress in Inner Mongolia once again prove that Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the party's basic line and other principles and policies, including the party's nationality policy, are wise, correct, and in line with China's national conditions and the realities in minority nationalities areas, including the reality in Inner Mongolia. As long as we faithfully carry out the basic line, principles, and policies in light of local conditions, we will be able to rally local cadres and masses' enthusiasm and creativity—which are a powerful force for driving forward economic construction and work in all fields.

Hu Jintao stressed: Emancipating the mind and seeking truth from facts are the essence of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as an important ideological assurance for seizing the opportunity, deepening reform, broadening the scope of opening up, accelerating development, and maintaining stability. The situation is developing and changing; we are facing new tasks in carrying out reform and opening up. Therefore, our thinking and perception of things must not stay at the original level. Only by further emancipating our minds; insisting on unifying emancipation of the mind with seeking truth from facts; gearing our thinking to the new situation of development and change; bringing our thinking and method for guiding economic work in line with the reform process of building a socialist market economic system and with the new economic management mechanisms; and formulating, refining, and implementing a local development strategy in the light of local reality, can we truly seize and properly make use of the opportunity to stride forward. Reform and opening up are the most powerful driving force for realizing development; to develop, we must truly work hard to ensure that our reform will be successful. We should apply ourselves to carrying out all tasks, thoroughly solve prominent contradictions and problems pertaining to development, and ensure the economy develops rapidly and in a sustained and healthy manner.

While discussing the need to closely follow the general guidelines on the work of the whole party and country, Hu Jintao pointed out: Correctly understanding and properly handling the relationship among reform, development, and maintaining stability is by no means an expedient measure, nor a need for this year's work—it is an important guiding ideology and principle we must uphold and implement in the course of our long struggle to achieve our second- step and third-step strategic goals and in the entire process of building socialism with Chinese characteristics. The current situation is very good. But, we must keep coolheaded; regularly study new developments; sum up new experiences; solve new problems; continue to insist on regarding development as the goal, on using reform as a driving force, and on regarding maintaining stability as a precondition; truly regard

economic construction as the central task; and coordinate development, reform, and maintaining stability to enable the three to promote one another.

Hu Jintao said: Strengthening nationality unity and safeguarding national unification has an impact on the common prosperity and progress of all nationalities, as well as the country's future and fate; we must attach great importance to it all the time. Since the Third Plenary Session of the 11th CPC Central Committee, the grand goal of building socialism with Chinese characteristics has more closely tied together the will and fate of people of all nationalities of the country. If our work develops well, our nation will prosper; if our work fails, our nation will decline. Rejuvenation of the Chinese nation, and the prosperity and strength of a unified socialist China can be achieved only if the people of all nationalities work hand in hand. In the new situation, we should promote the good tradition of maintaining nationality unity, and further improve our nationality work centering on the party's general tasks. We should extensively conduct education in Marxist nationality views, the party's nationality policy, and strengthening nationality unity. We should continue to correctly implement the party's nationality and religious policy; adhere to and refine the nationality regional autonomy system; educate and nurture a large number of minority nationalities cadres who have both political integrity and ability; let cadres of all nationalities make full use of their wisdom and talents; and work hand in hand to promote reform, development, and stability in minority nationalities areas.

While discussing the need to further build up the party to meet the demands of the new situation and new tasks, Hu Jintao stressed: The primary and fundamental way to build up and improve the party is to earnestly carry out the task of arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. To build up leading bodies at all levels and the force of cadres, first we need to raise the standards of all leading bodies and the educational level of all leaders. Second, we need to devote great efforts to selecting and educating young and outstanding cadres who have both political integrity and ability. In the new situation of developing a socialist market economy, we should further adhere to and refine the system of democratic centralism, rally and make use of the whole party's initiative and wisdom, and consolidate the whole party's strength. We should further build up and improve grass-roots party organizations in accordance with the developments and changes in the objective situation. Following the central authorities' guidelines, we should unwaveringly and effectively carry out anti-corruption work and work to promote administrative honesty, in depth and for a long time; and make constant efforts to strengthen and develop ties between the party and the masses.

#### **Li Tieying Views Major Problems in Reform**

HK1808003094 Beijing LIAOWANG in Chinese No 27,  
4 Jul 94 pp 5-6

[Report on "Interview" with Li Tieying, member of the CPC Central Committee Political Bureau and minister

of the State Commission for Restructuring the Economy, by staff reporter; place and date not given: "Studying and Solving Several Major Problems in the Current Reform and Development"]

[Text] At present, China's economic situation is very good, and new progress is continuously being made in both reform and development. Some new situations and problems, however, have also cropped up in the course of the advance. If further progress is to be made, it is imperative to study and solve these new contradictions and questions. In a special interview with this reporter, Li Tieying, member of the Political Bureau of the CPC Central Committee and minister of the State Commission for Restructuring the Economy, gave his views on how to study and solve some important problems in the current reform and development.

Li Tieying first pointed out that the process of reforming the old system and establishing a new system is also a process of adjusting the pattern of power and interests in social structural reform. The development of a market economy under socialist conditions is itself arduous and complicated new subject which is unprecedented. With the adoption of a series of major reform measures, some new situations and problems calling for immediate solution have cropped up. These hard nuts and hot issues in economic development are precisely the priorities of reform. In light of the realities of economic reform and economic development at present, it is necessary for us to devote major attention to studying the new situations and tackling the new problems. Li Tieying especially discussed the following important issues:

#### **I. Sorting Out Property Rights Relations in State-Owned Enterprises and Promoting the Establishment of a Modern Enterprise System**

The "Decision" adopted by the Third Plenary Session of the 14th CPC Central Committee clearly pointed out the orientation for reform, that is, changing the operation mechanism of state-owned enterprises and establishing a modern enterprise system. However, the establishment of a modern enterprise system takes time and entails coordinating reforms in numerous aspects. In connection with this, there are at least five problems that need to be resolved. The first is how to accurately evaluate assets, define property rights, and clarify the property rights of legal persons. The second is how to handle the heavy historical burdens of state-owned enterprises, including debts, redundant personnel, and the social functions of enterprises. The third is how to combine the adoption, by state-owned enterprises, of new operational mechanisms and the establishment of a modern enterprise system on the one hand with reform of the management and operations system of state-owned assets and the rational readjustment of the state-owned assets structure on the other. That is to say, not only should we make effective use of existing state-owned assets and ensure their growth with rational geographical distribution, but we should also effectively prevent losses

through numerous channels. The fourth is how to ensure that the establishment of a modern enterprise system can be coordinated and develops in step with the change of government functions and the cultivation of the market system, as well as the reform of the social insurance system. The fifth is how to establish and perfect the management structure and leadership system within enterprises. Some ideas have been advanced on these problems, and they are being tried in some places. Generally speaking, however, further studies of concrete policies and measures are required.

## **II. Cultivating Market System and Developing Intermediary Market Organizations**

Efforts over the past 15 years have laid a fairly solid foundation for the development of commodity markets in China. With the development of a market economy, the focus in building the market system has turned to markets for production factors. At the same time, the importance of establishing and perfecting intermediary market organizations and improving the order and rules of market competition has become increasingly evident. How does one, under the state's macroeconomic regulation and control and in light of specific local conditions, develop in a planned way factor markets and an appropriate number of intermediary market organizations? What should we do to get a clear understanding of the relationship between the establishment of tangible markets and the development of intangible markets in line with the characteristics of various production factors? What types of intermediary market organizations should be included, and what qualifications and legal standards are required of them to meet the needs of production? What economic and legal means should be adopted by the government at various levels in the establishment of the order and rules for market competition? Departments in charge of economic restructuring at various levels should make concrete studies of these problems and work out practical and feasible suggestions. It should be stressed here that, in both the development of factor markets and the establishment of intermediary market organizations, major attention should be given to contents rather than form, and the tendency to rush headlong into mass action should be avoided.

## **III. Exploring Inherent Law of Economic Development, Bringing Out Sustained, Rapid, and Healthy Development of National Economy**

As a result of reform and opening up, China's national economy has witnessed a big leap forward once every few years over the past dozen or more years, and, as a whole, it has maintained a fairly rapid growth rate. Nevertheless, it has also experienced several obvious fluctuations. This raises a series of problems which need to be studied. For instance, is the cyclic fluctuation of economic development a set pattern? How should we effectively prevent massive ups and downs in economic development and ensure the sustained, rapid, and healthy development of the national economy? Here, primary attention should

be devoted to studying how to establish an effective macroeconomic regulation and control system based on indirect means and overcoming the traditional concepts of the planned economy, as well as a pattern of direct regulation and control based on administrative means. This is a question concerning the overall situation and warrants earnest study so that we can find a feasible way.

## **IV. Stabilizing Grain and Cotton Production, Mobilizing Enthusiasm of Farmers, Making Rational Arrangements for Surplus Labor Force in Rural Areas, and Invigorating Rural Economy**

Over the past few years, many new problems have appeared in agricultural production and the rural economy. Of these, the most conspicuous ones are to stabilize grain and cotton production, solve the problem of comparatively low returns from grain and cotton production, and mobilizing the enthusiasm of grain and cotton growers. The essence of all problems concerning the countryside is how to develop the rural economy and raise farmers' incomes. It involves the question of how to straighten out the grain and cotton purchase and sales system and rationalize the prices of the means of agricultural production, as well as the question of developing agricultural production on an appropriate scale while upholding the contract responsibility system on a household basis with remuneration linked to output. If we consider the first phase of China's rural reform as the introduction of the contract responsibility system, and the second phase as the vigorous development of township and town enterprises, the focus of the third phase is, while making efforts to develop rural socialized service systems, to make full use of and transform existing small cities and towns and to establish new ones. This includes gradually reforming the household registration system and promoting transfers of the surplus rural labor force. It is necessary to understand that the rise of small cities and towns in their thousands marks a new starting point for the commercialization, industrialization, and modernization of rural areas. We must make in-depth studies of these questions and explore a way to develop agricultural production, invigorate the rural economy, and raise farmers' incomes—a way that has Chinese characteristics.

## **V. Correctly Handle Relationship Between Reform, Development, and Stability**

To correctly handle the relationship between reform, development, and stability is a basic experience we have acquired in the past 15 years in the tremendous achievements China has scored in the past 15 years. Reform is the fundamental dynamic force for economic development. Through reform we remove obstacles, in terms of the system that hinders the development of the productive forces, and overcome contradictions and difficulties that have appeared in economic life. To maintain social stability is an indispensable condition for economic development and for the smooth conduct of reform. To

correctly handle the relationship between reform, development, and stability calls for us to earnestly study a series of important questions, including the appropriate rate of development, appropriate reform measures and the force and timing of their introduction, the strict control of inflation, and accelerated reform of the social insurance system.

Of course, there are many more new situations and problems which have appeared in economic reform and development. Comrades working in the restructuring front must plunge deep into the reality of life to conduct study and investigation, acquire material first hand, and work out effective measures. Whether or nor we can make new contributions in the new period depends, to a large extent, on our understanding of the practical situation and the relevance and effectiveness of our measures.

### **Li Tieying Inspects Northern Prefectures in Tibet**

#### **Talks to Police, Security**

*HK1808104794 Beijing XINHUA Domestic Service in Chinese 1251 GMT 15 Aug 94*

[By reporters Zou Aiguo (6760 1947 0948) and Zheng Qingdong (6774 1987 2639): "Li Tieying and His Party Leave Lhasa"]

[Text] Lhasa, 15 Aug (XINHUA)—Li Tieying, member of the Politburo of the CPC Central Committee and state councillor, left Lhasa by special plane today.

Entrusted by the party Central Committee and the State Council, Li Tieying and the individuals responsible for some departments under the party Central Committee and State Council arrived in Lhasa on 7 August to participate in the activities to celebrate the completion of the Potala Palace renovation project.

Li Tieying and other comrades attended the celebration and commendation meetings for the completion of this project. They also attended the sixth meeting of the leading group for the project, visited the Dazhao Temple, and held discussions with people from various sectors. Li Tieying hoped that, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the party's Central Committee with Comrade Jiang Zemin at its core, the people of all nationalities in Tibet will uplift their spirits, seize opportunities, and work hard with one heart and one mind to fight for the construction of a united, rich, civilized, and new socialist Tibet.

Accompanied by Pagbalha Geleg Namgyai, Raidi, Gyaincain Norbu, among others, they also went to inspect Nagchuka and Shigatse Prefectures in northern Tibet, where the meadows are full of water and lush grass in August. At the traditional horse racing festival, the herdsmen's performance in horsemanship received hearty applause. In Damshune county, Li Tieying attended the material exchange meeting and visited

some herdsmen's families. On 13 August, Li Tieying and his party came to Tibet's second largest city, Shigatse, where he paid homage at the mausoleum of the well-known patriotic personality Bainqen Erdini Qoigy Gyaincain.

During his stay in Tibet, Li Tieying and his party also visited the first artillery company of a People's Liberation Army [PLA] unit stationed in Tibet, the second detachment directly subordinated to the Tibetan People's Armed Police Corps, Lhasa City Security Bureau, and the State Security Bureau, and called on the PLA cadres and soldiers, as well as the officers and men of the public security police and the people's armed police, encouraging them to develop the "old Tibetan" spirit and perform new meritorious deeds for the stability and development of the southwestern border region.

Accompanying Li Tieying and his party to Tibet was the Ministry of Culture's performance group, which includes the artists Sun Yi, Cai Ming, Guo Da, Han Yanwen, Mei Hua, Cui Jinghao, Deng Xiaolin, and Bai Hua. Despite the difficulties posed by the high altitude, they put on excellent artistic performances for the broad masses, cadres, and soldiers of the PLA units and the officers and men of the security and armed police in Lhasa, Nagchuka, Shigatse, and other places.

#### **Inspects Lhasa Public Security Bureau**

*OW1808083794 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 15 Aug 94*

[Text] On the afternoon of 14 August, accompanied by Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the regional people's government; Zi Cheng, standing committee member of the regional party committee and director of the regional public security bureau; Lieque, standing committee member of the regional party committee and secretary of Lhasa City party committee; and Luosang Toinzhub, vice chairman of the regional people's government and Lhasa City mayor, Li Tieying, state councillor and member of the CPC Central Committee Political Bureau, paid a visit to cadres and police at the Lhasa City Public Security Bureau, inspecting their work and giving them directions. Li Tieying and other leaders were warmly welcomed by the bureau leaders and police upon their arrival at the Lhasa City Public Security Bureau. Li Tieying shook hands and (?words indistinct) with every cadre and policeman.

Speaking at the welcoming ceremony, Zi Cheng expressed his heartfelt gratitude to Comrade Li Tieying for his visit to cadres and policemen at the Lhasa City Public Security Bureau in the midst of pressing affairs. Xu Zhijian, deputy secretary general of the State Council, and Vice Minister of Public Security Jiang Xianjin, who accompanied Comrade Li Tieying to the Lhasa City Public Security Bureau, said: Comrade Li Tieying's visit to you has fully displayed the CPC Central Committee and State Council's concern over public

security cadres and police, and has indicated their confirmation of the outstanding work of the broad masses of public security cadres and people's armed police corps.

After hearing the briefing presented by a comrade in charge of the Lhasa City Public Security Bureau, Comrade Li Tieying gave an important speech. He said: I am visiting you to extend my gratitude and best wishes to you all. He said in praise: The people's police deserve love for their services to the people, respect for their selfless dedication to promoting the tranquility and happiness of the people and the modernization drive, and trust for their brave and uncompromising long-term struggle against all hostile elements upsetting the social order. It is an arduous task to maintain long-term stability in Tibet. Without a stable situation, it would be impossible to bring about the revitalization of the Chinese nation. Li Tieying wished all public security cadres and police good health and happy families.

#### **Jiang Zemin Expresses Condolences on Artist's Death**

OW1808112994 Beijing XINHUA in English 0849  
GMT 18 Aug 94

[Excerpt] Shanghai, August 18 (XINHUA)—More than 1,000 people from all walks of life from home and abroad gathered in the Longhua funeral parlor of Shanghai this morning to pay their last respects to contemporary painting master Liu Haisu, who died on August 7 at the age of 98.

Floral wreaths and telegrams or messages of condolence came from President Jiang Zemin and a host of other senior Chinese leaders and many cultural organizations.

Liu Haisu lay serenely among fresh flowers and evergreen plants, with a large color photo of him standing in front of the coffin.

At 8:45 this morning, Huang Ju, mayor of Shanghai, and Wu Bangguo, secretary of the city's municipal Communist Party committee, paid their last respects to the great painting master. [passage omitted]

#### **Daily Says Deng 'Fit' on Eve of 90th Birthday**

OW1708132894 Tokyo KYODO in English 1240 GMT  
17 Aug 94

[Text] Beijing, Aug. 17 KYODO—The Chinese daily OLD AGE said Wednesday [17 August] the nation's paramount leader Deng Xiaoping is fit and healthy only days away from his 90th birthday on Aug. 22.

Under a headline exhorting readers to pray for health and long life for Deng, the paper said that since his retirement from public office, Deng has led a happy life with his family, playing poker and swimming.

"I can swim, so I'm fit. I can play poker so I have a clear head," the paper quoted Deng as saying.

The article ends with a reference to Deng's wish to enjoy a life long enough to be able to visit Hong Kong after its reversion to China in 1997.

The photo used with the story appeared not to be a recent one as it showed a somewhat more fuller-faced Deng than seen in television excerpts aired during the Chinese New Year celebrations earlier this year.

#### **Article Views Role of Deng's Family, Aides**

HK1808105594 Hong Kong LIEN HO PAO in Chinese  
18 Aug 94 p 2

[“Special article” by Yang Ching-chi (2799 3237 1142): “Health Problem, His Family Members and Aides—First of Series on Deng Xiaoping’s 90-Year Career”]

[Excerpt] “Deng Xiaoping is in critical condition again!”

On 16 August, six days away from Deng Xiaoping's 90th birthday, rumors emerged again.

Informed sources say that in the past two months, the mainland has fluctuated in its attitude toward Hong Kong, Taiwan, and the restoration of GATT status and that the agenda of the Fourth Plenary Session of the 14th CPC Central Committee has been hard to decide and was eventually made like chop suey, and all this is because Deng's health has deteriorated to the extent of not being able to take charge of things, and therefore decisions are being made at random.

#### **Fourteen Health Reports in Sixth Months**

In fact, since this spring when Deng Xiaoping showed that he is old and ailing like a candle flickering in the wind, rumors about his health have been unceasing, and almost every month, a report on his health emerges. According to a rough estimate, from March to now, Deng's family members (his children and friends he plays bridge with), aide (Wang Ruilin), and mainland officials have told the mass media 14 times that "Xiaoping is in good health," and there were three reports saying he had died or was very ill. Each time these rumors emerged, stock markets in Hong Kong and China fluctuated.

At the end of April, there was a change of the guard in some areas in Beijing, and this was considered a result of Deng's critical condition which required the transfer of four divisions of troops and police to the capital as a precautionary measure. On 10 June, rumors about Deng Xiaoping's death hit the Hong Kong stock market, which plummeted to 8,927 points, 260 points below the previous close. That afternoon, a mainland Foreign Ministry official refuted the rumor, and the stock market rebounded 180 points. Amid all of this there were certainly other economic factors, but the news about whether Deng was alive or dead undoubtedly became a catalyst.

The fact that whether a person is alive or dead can have such a great impact is a misfortune not just for the 1.2 billion people on the mainland. Even Deng Xiaoping himself has admitted: "My influence is too great, and this is not good for the party and the country...when a country's fate is built upon the reputation of one or two persons, it is very unhealthy and dangerous."

Although he senses this kind of danger, he has not taken any measure so far—or his health makes it impossible for him to take any measure—to remove this worry for the people in the time left to him.

#### **Family Members and Aides Hold High Positions and Power**

Deng Xiaoping is now surrounded by his family members and aides, and what he hears is what they say, and what he says is relayed by them, therefore authenticity in both cases is questionable. An informed source in Beijing revealed that even the Standing Committee members of the Political Bureau must consult Deng's aides on whether Deng likes a certain decision or not.

From March to August, among Deng Xiaoping's five children, except for Deng Zhifang who was in the United States, Deng Pufang, Deng Lin, Deng Nan, and Deng Rong testified to their father's good health one after the other. Wang Daming, chairman of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, who is an old card playing friend of Deng's, said in August in the United States that "Deng Xiaoping takes a stroll every day and is in good health."

There are two other old friends with whom Deng has always played bridge, but they have not spoken a word on his health, and they are Ding Guangen, a member of the Political Bureau and head of the Propaganda Department, and National People Congress Vice Chairman Wang Hanbin. Wang Ruilin, who has been Deng's aide for many years, was promoted to the rank of general in June, and he is also a likely candidate for the post of secretary general of the Central Military Commission, a post which will probably be restored.

Deng's aides have taken up more important posts and greater power, and in the area of disseminating and interpreting Deng's new instructions, they are as authoritative as when they verify that Deng is well. Compared with Mao Yuanxin, who served as the most important channel of communication between the bed-ridden Mao Zedong and the outside world in the past, Deng has more aides who are equally important. [passage omitted]

#### **Jailed Inner Mongolian Dissident 'Ill-Treated'**

*HK1808034594 Hong Kong AFP in English 0244 GMT 18 Aug 94*

[Text] Beijing, Aug 18 (AFP)—A former Inner Mongolia University lecturer, once described by the Chinese authorities as "enemy number one" in the region, is

being ill-treated in jail and denied medical attention, Amnesty International said Thursday.

Ulaanshuu was arrested in July 1991 for allegedly passing confidential documents to a British journalist, but was not brought to trial until April this year when he was sentenced to five years imprisonment for "counter-revolutionary incitement and spreading subversive propaganda."

The charges related to accusations that the 39-year-old Ulaanshuu had participated in the pro-democracy events of June 1989, Amnesty said in a faxed report.

According to the London-based human rights watchdog, Ulaanshuu suffers recurrent kidney trouble, a heart complaint and a number of other ailments for which he is not receiving any medical attention.

Amnesty said recent reports from Inner Mongolia suggested that Ulaanshuu had been ill-treated in police custody prior to being sentenced and also in the Yiguangzhaoming No. 5 prison where he is currently being detained.

As well as being verbally abused, deprived of sleep and subjected to intense interrogation, he was reportedly kept handcuffed for several months in a windowless cell which was too small for him to stand up in.

In January of this year, the Chinese authorities reportedly produced an internal document, which described Ulaanshuu as "enemy number one" in Inner Mongolia, the Amnesty report said.

#### **Editorial Urges Building Spiritual Civilization**

*HK1708131594 Beijing NONGMIN RIBAO in Chinese 25 Jul 94 p 1*

[Editorial: "Strengthen Building of Spiritual Civilization and Promote All-Round Progress of Rural Society"]

[Text] Since the implementation of the policy of reform and opening up, the appearance of China's rural areas has undergone fundamental changes. Most peasants have solved their basic food and clothing problem, and a certain percentage have become rich. The summary of this historic change can be boiled down to this point, that is, we have conscientiously carried out Deng Xiaoping's theory of building socialism with Chinese characteristics, and, with economic construction in mind, strengthened the building of spiritual civilization while reinforcing the building of material civilization.

Upholding the unity of opposites between matter and spirit and between the economic base and the superstructure is the quintessence of Marxist dialectical materialism and a constant ideological and theoretical principle the CPC has followed in guiding the cause of revolution and construction. In the new historic period of building socialism with Chinese characteristics, Comrade Deng Xiaoping has time and again exhorted us that it is absolutely necessary to persist in grasping material

civilization and spiritual civilization simultaneously. He said, "Without strengthening the building of spiritual civilization, the building of material civilization will also suffer damage and follow a zigzag course." In 1992, during an inspection tour of the south of the country, he pointed out more explicitly: "Not only should the economy be boosted but a good job should also be done in improving social order and the general social mood. We should also surpass them (note: referring to the four little dragons of Asia) in terms of building the two civilizations. This is then socialism with Chinese characteristics." Our practice has fully borne out that, no matter whether it is in economically developed areas or less developed areas or even poverty-stricken areas, only when the building of material civilization is combined with that of spiritual civilization and only when a good job has been done in promoting both civilizations can economic development be continuously promoted in a sustained and healthy manner. And in this respect, the case of Linzhou City provides convincing evidence. Linzhou (formerly Lin County) used to be a notoriously poor mountainous area. In the 1960's, the county government organized 100,000 people who worked hard for 10 years in Taihang and succeeded in building the world-famous "Red Flag Canal." After the Third Plenary Session of the 11th CPC Central Committee, carrying forward the Red Flag Canal spirit, the people of Linzhou applied the spirit of doing pioneering work in developing the socialist market economy. In a matter of a few years, they rapidly changed their poverty-stricken appearance. In 1990, Linzhou's comprehensive economic power ranked 44th in the whole province, but by 1993 it had jumped to 19th place.

People must have some spiritual power. Compared with Linzhou and other pacesetters, the rural economy in some areas is still suffering very slow growth. In some other places, while the economy has undergone rapid development, the general mood of society is unhealthy and public security is deteriorating. There are, of course, numerous causes, but, in the final analysis, the principal one is that people in these places have not yet liberated their minds and they lack the Linzhou people's spirit of assiduously doing pioneering work and fiery enthusiasm to forge valiantly ahead. It is also possible that they have focused their attention exclusively on economic development without paying corresponding attention to the building of spiritual civilization. Our party is uniting and leading the people of all nationalities on the way to a well-off society. The transition from barely enough food and clothing to a well-off life and from the planned economy to a market economy is a historic leap forward. It indicates a more arduous and urgent task for us to build spiritual civilization. In order to realize this target, it is imperative to further reinforce the building of spiritual civilization while paying close attention to economic construction. We should drive home the message that our target of a well-off society consists of both civilizations and not just one. Leaders at various levels should work conscientiously to do a good job in both

civilizations and should fundamentally change the tendency of previous work, i.e., stressing material progress at the expense of cultural and ideological progress and separating the building of spiritual civilization from the building of material civilization.

In order to center closely round economic construction and to strengthen the building of spiritual civilization in rural areas, the most important step is to use scientific theory to guide the peasants into the market and to a well-off society. We should proceed from the actual situation in rural areas and the special characteristics of the peasants and should educate the peasants by grasping the practical problems which crop up in the course of getting rid of poverty and becoming rich, and by grasping some principles and policies which have a direct bearing on the interests of peasants. We should work actively to guide the peasants to learn cultural and scientific knowledge and to have a good command of knowledge about the market economy. A good job should be done to eliminate illiteracy and to popularize science and technology. The peasants should be encouraged to resist unhealthy social tendencies, establish new civilized habits, create a satisfactory social environment, and advocate a lifestyle that is healthy and civilized. In the vast rural areas of our country, we should carry on the drive to set up civilized villages, civilized units, civilized enterprises and civilized households. Practice has proved that enthusiastic emulation drives of the above-mentioned "civilization" activities are an effective measure for promoting the building of spiritual civilization in rural areas. They fully embody the guiding principle that the building of spiritual civilization serves economic construction, reform, and opening up. It is a good method for eliciting people's self-participation and a good method by which people amuse, restrict, and educate themselves. All localities should conscientiously sum up their successful experience, publicize advanced models, and pay attention to the true effects of the work with a view to promoting various spiritual civilization activities to a new level.

It was pointed out during the 14th CPC National Congress that the focus of spiritual civilization should be placed on construction. That means we should base ourselves on "establishment" and take "construction" as both the starting point and the destination of spiritual civilization. It is therefore imperative to attach great importance to the work of setting up a series of facilities suitable for the economic development of the rural areas. Party committees at all levels should list the building of spiritual civilization in the overall plan of social development and put it on their agenda. When working out economic development plans or carrying out construction in small towns, all trades and departments concerned should take spiritual civilization into consideration. When evaluating the administrative achievements of leading bodies and cadres at all levels, we should take their achievements in building spiritual civilization as an important criteria. Only in this way can we thoroughly

correct the erroneous view of the past which took economic development as the "hard index" but regarded the building of spiritual civilization as merely a "soft task"; and we should implement in an all-round way Comrade Deng Xiaoping's instruction that "we should do both types of work simultaneously, attaching equal importance to both." Only in this way can we ensure the coordinated development of the rural economy and social stability and promote the all-round progress of rural society and the all-round realization of the party's strategic goal.

### **First in Series on CPC's Poverty Relief Efforts**

*OW1808075194 Beijing Central People's Radio Network in Mandarin 2230 GMT 15 Aug 94*

[By reporters (Li Wenxiang) and (Liu Haoshan); first in a series entitled: "China Declares War on Poverty"; "All of China Strives To Eliminate Poverty"; from the "News and Press Review" program]

[Text] Since the day of its founding, the CPC has striven to realize the Chinese people's hope of eliminating poverty and achieving prosperity and strength, taking this as its own responsibility. In the 44 years since the founding of New China, the per capita annual income of 900 million Chinese peasants has increased from more than 30 yuan in the early years of liberation to 921 yuan today. In its 1993 annual report, the World Bank acclaimed this achievement. The burden of poverty bequeathed by history is too heavy. The tens of billions of yuan allocated by the state, from the day New China was founded until the program of helping the poor through economic development was introduced, could only satisfy the minimum subsistence needs of people in impoverished areas.

In the late seventies, the CPC Central Committee introduced the production responsibility system, based mainly on the household contract responsibility system with remuneration linked to output, and the system of combined unified and independent management. This was both a political leap and a successful attempt at eliminating poverty on a large scale in rural China. From 1978-85, the total population struck by poverty in rural China declined from 250 million to 125 million. The difference is equal to Japan's total population. No wonder some people said China had wrought a miracle for the world. It should be noted that the 100 million-plus people who were not lifted out of poverty caused even greater concern. In September 1984, the CPC Central Committee and State Council issued a circular on helping poor areas change their situation as quickly as possible. In 1986, the National People's Congress incorporated the drive to help poverty-ridden areas quickly overcome economic and cultural backwardness into the Seventh Five-Year Plan for national economic development. In the same year, the State Council established the Leading Group for the Economic Development of Impoverished Areas. Thus, China had an agency specifically tasked with the economic development of poor

areas. From then on, the state sent several billion yuan in funds annually to the parched loess mountain slopes, the desolate wilderness, and rocky mountains.

Central Gansu and Ningxia's Xiji-Haiyuan-Guyuan lacked water, grain, and firewood because of a decade-long drought. The state provided 100 million yuan in subsidies in 1982, when the areas were hit by serious drought. Toward the end of that year, the former (?Central Financial and Economic Leading Group) held a special meetings, during which Gansu, Hexi, Dingxi, and Ningxia's Xiji-Haiyuan-Guyuan area were specifically listed in the state plan. Over the next 10 years, the state allocated 200 million yuan in special funds annually to divert the Huang He and change the course of the Han River. This opened up a new chapter in China's regional poverty relief efforts through economic development. Ten years later, the grain output of those areas doubled the pre-development figure, and per capita grain output increased by more than 100 kg. The problem of feeding and clothing 5 million peasants was basically solved.

Beginning in 1984, the state provided special interest-free loans for poverty relief, special interest-free loans for poverty relief in pastoral areas, loans for county-run enterprises, and special loans for poverty relief. At present, annual financial allocations and loans that go toward economic development in poor areas total 4.5 billion yuan. In addition, the state provides materials and goods worth 5.8 billion yuan and carries out work-relief programs. The state also keeps providing assistance to poor areas through Project Subsistence, the Spark Program, Bumper Harvest Program, and Prairie Fire Program. By 1992, per capita income in 331 poverty-stricken counties, which were the state's priority areas for assistance, totaled 450 yuan, an increase of more than 100 percent over 1985. Per capita grain output amounted to 354 kg. By that year, the poverty-stricken population in rural China had decreased to 80 million.

Beginning in 1987, various state ministries and commissions, enterprises, institutions, the People's Liberation Army, democratic parties, and mass organizations took part in the economic development of impoverished areas. Various provinces and autonomous regions generally launched activities in which the rich helped the poor. In March 1989, the China Fund for Helping Poor Areas was officially founded. In 1992, the China Youth Development Foundation introduced Project Hope and the Action Program for Taking Care of 1 Million Children, thus enabling 1 million children deprived of schooling in poor areas to once again see the light of civilization.

### **Article Views Peasant Dissatisfaction With Cadres**

*HK1708132194 Hong Kong HSIN PAO in Chinese 12 Aug 94 p 27*

[Article by Kuo Yi (6753 0110): "Increasingly Strained Relations Between Rural Grassroots Cadres and Peasants"]

[Text] In China, rural grass-roots cadres used to enjoy very good status in the past and were called "local lords." They had the power to rule over a certain area and their relatives, friends, and children enjoyed privileges in cadre appointment, in employment, in recruitment to the armed forces, and in transfers from agriculture to nonagricultural trades. As for financial treatment, they were much stronger than the peasants as they received various subsidies. But following the gradual establishment of a market economy, rural grass-roots cadres have already lost their previous sense of superiority and peasants have become relatively independent. Peasants now directly vent their discontent with some policies and their implementation on these rural grass-roots cadres who implement them. Contradictions between grass-roots cadres and peasants are becoming increasingly exacerbated, leading to the resignation of many rural grass-roots cadres and to a situation where no one wants to take "these insignificant jobs." As a result, the grass-roots rural work to which China has always attached importance is in danger of paralysis.

**The difficulties currently faced by rural grass-roots cadres can be summed as the "three haves" and "three difficulties."**

**The first of the "three haves" is that they are confused in their thinking.** At present, various policies on the rural areas are being implemented "down to the grass-roots level," and departments in charge directly contact peasants through the news media. But the dislocation between policies and reality makes grass-roots cadres passive in their work and confuses them in their thinking. Regarding the question of redeeming materials for ordered grain, for example, because of factors within the higher authorities, peasants cannot redeem the materials at the scheduled time, at the fixed amounts, or at guaranteed prices. They think that the non-redeemable portion of the materials has been appropriated by village cadres with the result that these village cadres are wrongly blamed and suffer from peasant grumbling. Some satirize cadres, saying: "The stuttering monks make the good verses sound bad." Peasants have concentrated numerous complaints on cadres.

**Rural Grassroots Cadres Have Become Sandwich Cadres**

**The second is that they have hardships in their livelihoods.** Rural grass-roots cadres have now lost many subsidies, so they are inferior to peasants in their livelihood. Village cadres jokingly call themselves "nonproductive" cadres. Their contracted fields are less cultivated than others and their wages are lower than others.

**The third is that they have factors of insecurity.** Some peasants say to village cadres: "We have fields and land, so we do not ask for your favor. We have food and clothes, so we do not have to rely on you. We can settle our contract accounts, so we do not care about you. If we

are in trouble, we will come to you." Some rural grass-roots cadres inevitably suffer scoldings and beatings when collecting fees and purchasing materials from peasants and in allocating and transferring land. As a result, many village organization cadres have applied for resignation and "retirement."

Some describe rural grass-roots cadres as "sandwich" cadres with pressure coming from the higher authorities and resistance from the grass roots. Their "three difficulties" are that they have difficulty in purchasing grain, difficulty in arranging the collection of fees, and difficulty in organizing labor for work. This is the most thorny and most difficult contradiction to handle in rural areas at the present time. Rural grass-roots cadres think that some current policies are so volatile and inconsistent that they find it difficult to follow. As for peasants' burdens, the higher authorities only care about the 5 percent limit and do not care about the arbitrary charging of fees, arbitrary fund pooling, or arbitrary apportionment of fees, so pushing the contradictions right to the grass roots. Relevant documents clearly provide for the voluntary labor and accumulated labor of peasants and provide that they cannot give money in place of labor under normal circumstances. But some organs directly ask for money in villages and grass-roots cadres cannot stop them, and still less do peasants comprehend this. Peasants think that grass-roots cadres plan these things with the result that ordered grain cannot proceed to the authorities, contracting fees cannot be collected, and various fees and charges cannot be apportioned. In order to complete their tasks, they can only borrow money at high interest rates for the village to repay later. Year after year, some villages owe external debts of several hundred thousand yuan. In order to repay the debts, they can only regulate land tenure all over again or stop turning over grain, money, and land. This inevitably gives rise to new contradictions, and contradictions between those households who observe and those who do not turn over money and the grass-roots cadres become increasingly acute. Besides, grass-roots cadres have some temporary tasks such as "sudden inspections" and "central tasks" whose completion is demanded by the means of "military orders." They are so busy with these tasks that they do not have much attention left for economic development.

**Main reasons for the escalating contradictions between rural grass-roots cadres and peasants are:**

**First, village-level strength does not match the present structure.** The collective unified management, which peasants depended on for survival, has changed to peasant contracting, and the main source of peasants' income has changed from collective distribution to independent management, making them independent economic entities. Some villages whose collective economies are weak have to pool funds from peasants for collective welfare services. In this way, these village collectives and peasants find it difficult to reach a consensus, thus objectively setting grass-roots cadres in

opposition to the peasants. It follows that some peasants are extremely disgusted with cadres when they press them to turn over money and grain. Their explicit delays and implicit resistance increasingly exacerbate the contradictions.

#### Poor Quality of Cadres Does Not Suit the Situation

**Second, methods for doing work do not match specific policies.** In terms of policy, the market economy offers peasants greater decisionmaking powers in managing land and the right to dispose of their products. But the State continues to assign tasks of grain purchasing and assign "guidance" on planting plans to peasants, and all these tasks have to be implemented by grass-roots cadres. This interferes with peasants' decisionmaking powers and causes "disgust" and discontent with the cadres.

**Third, the quality of cadres does not meet the requirements of the situation.** The market economic structure demands that grass-roots cadres possess a work-coordinating ability, problem-solving ability, the ability to take the lead in observing laws and discipline, and so forth. But the majority of grass-roots cadres are rather low in quality and do not meet the requirements of the situation. They show partiality in dealing with problems and resolving disputes. Some grass-roots cadres are corrupt, wasteful, and extravagant. Some exercise unfair and undemocratic management of their village finances. Others just receive their salary without doing practical work. Peasants are increasingly discontented with them and call them "armless" cadres and "money-demanding" cadres.

#### Regulation Setting Personnel Management Guidelines

OW1808061794 Beijing XINHUA in English 0208  
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—A new regulation setting guidelines for personnel management in overseas-funded enterprises in China is to be ready soon, according to an official from the Labor Ministry.

The regulation aims to protect the legal right of both employers and employees in joint firms. It will be jointly issued by the Ministry of Labor and the Ministry of Foreign Trade and Economic Cooperation, according to Yang Maomu of the Labor Ministry.

The new regulation regulates employment contracts, pay, insurance and work protection for overseas-funded enterprises, Yang said.

Under the new regulation, foreign employers must give the local employees a salary not less than the minimum pay, pay the same subsidies as enjoyed by the employees in state-owned enterprises and also provide social insurance, including insurance for retirement and medical care.

The new regulation also emphasizes the role of the trade union in overseas-funded enterprises, ruling that the employers should consult the union before firing any employee.

By the end of May this year, there were 194,000 overseas-funded enterprises in China.

#### National Drought Headquarters Updates Drought Situation

HK1708141294 Beijing XINHUA Domestic Service in Chinese 0744 GMT 15 Aug 94

[Text] Beijing, 15 Aug (XINHUA)—The Flood and Drought Update No. 19, released today by the State Flood Control and Drought Relief Headquarters, revealed that rainfall in the Chang Jiang and Huaihe river region and the middle and lower reaches of the Chang Jiang has been consistently low since August, while temperatures there have been consistently high, and droughts in the southern region are continuing. Areas hit by drought increased from 170 million mu nationally in early August to 243 million mu by 13 August, with the area between eastern Sichuan and the mouth of the Chang Jiang being the most seriously hit. Areas ravaged by droughts in Anhui, Jiangsu, Henan, Sichuan, Hubei, and Shaanxi amounted to more than 20 million mu.

Drought-stricken provinces and regions are doing their best to combat droughts. Party and government leaders at all levels regard the rapidly expanding droughts with great seriousness, have made arrangements for anti-drought work, have sent task groups to drought-hit areas to take charge of work, and are demanding that trades and professions actively raise funds and materials for the anti-drought effort and strengthen farmland management in a vigorous attempt to reduce the damage caused by droughts.

#### Military

##### Jinan Military Region Holds Cadres' Meeting

SK1408071494 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 12 Aug 94

[Text] The Jinan Military Region held a meeting of all office cadres on the morning of 12 August. Leading comrades of the military region and organs, including Song Qingwei, (Xiao Wencai), Qian Guoliang, (Han Naida), Hao Baoqing, He Shanfu, Zhao Jingtian, Yuan Shoushang, Huang Xuelu, Shan Jilin, (He Qixiang), and (Wang Zhenchu) attended the meeting.

Song Qingwei, political commissar of the Jinan Military Region, gave a speech at the meeting on conscientiously implementing the important ideology of Comrade Jiang Zemin, chairman of the central military commission, on implementation, and the necessity of implementation in the final analysis, and on implementing the spirit of the second session of the seventh party committee of the

military region. He pointed out: To grasp and implement the work, we must exert efforts to grasp the grass-roots units, lay a foundation, and attend to regular work. At the same time, we should urge the leading organs to start the implementation work first, and leaders to set examples with their own conduct. Only by working along both lines, can we effect a radical cure for the stubborn disease of failing to implement the work in a better manner.

Song Qingwei stressed: Organs of the military region should take the lead in overcoming bureaucracy, formalism, and red tape, consciously ban activities, investigations, and evaluations that are spectacular outwardly but give very little actual effect, exert real efforts to enhance the fighting strength of the Army, and guarantee the implementation of the annual tasks and the security and stability of the Army.

### PLA Compensated 1.3 Billion Yuan for Coal Mines

HK1808044294 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 8

[By a correspondent in Hawaii]

[Text] Beijing has compensated the People's Liberation Army (PLA) 1.3 billion yuan (HK\$1.16 billion) for turning over army mines to civilian authorities in Shanxi, a Chinese scholar revealed in the United States. In Hawaii to take part in a political science conference, Dr Wang Shaoguang, a consultant of the Chinese Academy of Sciences, quoted Vice-Premier Zhu Rongji as saying in June that the 27th Army of Shanxi was ordered to hand over coal mines after receiving the money. Most of the coal mines in Shanxi have for a long time been "monopolised" by soldiers, coal mining authorities under the Government, and the railway industry, according to cadres and residents in the province. "After telling of the decision, Mr Zhu said Shanxi civilians would clap and cheer," said Dr Wang, who is also lecturing in political science at Yale University. The 38th Army also owns profitable coal mines in the province, he said.

It is believed that insufficient military funding by the Government has prompted the PLA to engage in various profit-making activities including corruption and smuggling, resulting in lax morale and poor equipment. Dr Wang urged that such activities be stopped. Corporations run by the three major headquarters General Staff Department, General Political Department and the General Logistics Department (GLD) should be joined under the GLD. He indicated this would lessen opportunities for corruption and make for a more efficient structure. "It's very very hard (to achieve that). Opposition posed by the armies is very strong," he said.

The scholar, who has been consulted by Vice-Premier Zhu and premier Li Peng [capitalization as published], said that the Government should bear all the cost of national defence to eliminate corruption. China, he said,

was facing a very dangerous period as its finance resources appeared to be so weak they could not fulfil the army's basic role in national defence. Quoting statistics, Dr Wang said the Government's expenditure was small, taking only about 18 percent of the gross domestic rate in 1992, much less than the 34 percent spent by the United States. And only about one-third of China's government income in 1992 was collected by the Government. The poor funding had prompted many police, public security officers and courts to earn as much as they could, leading to a fractured army system and widespread regionalism. "In times of any crises can the army act as a unifying force for the nation? This is the big problem."

Meanwhile, Dr Wang endorsed a recent report by a economist of the Chinese Academy of Sciences, Wu Angang, in which the Government was urged to inject more funds to "feed the army" rather than the army being responsible for its food. He estimated that in the past 15 years, military funding had only been increased by one percent in terms of absolute value. He did not know of any country in which soldiers were doing business on scale of PLA members. "Worse still, all the profits are usually swallowed by army officials and not used in improving armaments."

### Economic & Agricultural

#### Finance Minister Views Progress of Fiscal Reform

HK180803494 Beijing LIAOWANG in Chinese No 26, 27 Jun 94 pp 4-5

[Report on interview with Finance Minister Liu Zhongli by Xie Geng (6200 1649); place and date not given: "Liu Zhongli on Reform of Fiscal and Tax System—Reform Develops Smoothly, Further Efforts Are Needed To Gain Victory"]

[Text] Fiscal and tax system reform is one of several important reform measures which have been introduced this year. It is an important reform measure which is vital to the establishment of a socialist market economic framework and has been closely followed by people from top to bottom. Now, the new system has already been in operation for five months and is moving forward at a steady pace. How do we evaluate its operations in the past five months? What are the achievements? What are the problems? And how should it be improved and upgraded? With these questions of common interest in mind, this reporter asked the views of Liu Zhongli, minister of finance and concurrently director of the State Administration of Taxation.

The reform of the fiscal and tax system introduced this year is having a great and far-reaching influence on China's economic life. All quarters are very interested in the operation of the new fiscal and tax system and the present financial situation. This reporter therefore asked Liu Zhongli to first brief him on this issue.

Liu Zhongli said that the reform of the fiscal and tax system has a great bearing on the overall situation and is directly relevant to the progress of economic reform and social stability as a whole, as well as the economic and financial situation this year. Thus, governments at all levels attach great importance to it, putting the implementation of the reform plan at the top of their agenda. Financial and tax departments at different levels have also been concentrating their efforts on investigations and study, on implementing the reform measures, and on solving problems in a timely fashion. Seen from the current situation, the fiscal and tax reform is running well on the whole without major problems. This is mainly manifested by the following:

- First, the operation of the new tax system has gradually entered a normal track and losses of tax revenue are clearly decreasing. Operational mistakes that appeared at the beginning of the reform due to inadequate publicity and misunderstandings have gradually been resolved. Reform of the taxation system has not caused adverse effects on financial revenue or led to drastic inflation. National revenue in the first five months is up 24.53 percent over the same period last year. The situation is better than expected.
- Second, tax sharing reform is being carried out at all levels according to the requirements of the central government. There are no major distortions. Entry to the treasury of both central and local revenues is basically normal. A temporary shortage in the allocation of funds has been solved appropriately. Some localities have started redesigning their sources of income according to the requirements of the new structural mechanism and the market situation.
- Third, after reform of the state-owned enterprise profit-distribution system, capital enterprises have at their disposal has not decreased and state-owned enterprises are operating better under the new system.

Liu said that he attached great importance to the issue where some state-owned enterprises feel they are experiencing difficulties in operations because of a shortage of funds. He said that a special investigation of the problem had been carried out. In general, after we took a series of perfecting measures, the question of increased tax burdens on some trades has been resolved. Decreased profits and increased losses, as seen in the accounts of some state-owned enterprises, are for the most part the result of changes in the way enterprises settle their accounts after the implementation of the "Enterprise Financial Regulations" and the "Enterprise Accounting Regulations," which, in the case of some enterprises, have turned hidden losses into open ones. If this factor is discounted, state-owned enterprises' profits during the first five months of this year increased, and the number of loss-making enterprises decreased. Shortages of capital are mostly caused by delinquencies in payments between enterprises and difficulties in capital turnover.

As for the problems of economic efficiency and management, these are old problems from the old system and need to be gradually resolved through enterprise reform.

On problems in implementing the fiscal and tax reform, Liu said: China is a large country and the situation varies a great deal from place to place. The traditional system has a great influence on the minds of the people. In carrying out fiscal and taxation reform under such a situation, there are certainly some problems. In tax system reform, there are three main types of problems: First, as a result of the general introduction of the value-added tax, the number of different tax rates has been reduced markedly in line with the requirements of competition on an equal basis. This brings with it structural changes in the tax burdens of enterprises—some go up, others go down. A small number of enterprises now have a greater tax burden. Secondly, the economic changes caused by the introduction of reform measures have created new problems and brought about new situations. With regard to these, on the basis of in-depth investigations and thorough analyses, we have come up with measures to perfect the system and solve problems. Another category of problems has arisen because there are many new methods and new systems in this reform with which we are unfamiliar. The relevant departments have misunderstandings and deviate in their implementation. We have gradually solved these problems by promptly stepping up propaganda and guidance. As for problems in implementing the tax-sharing system, since the base amount of taxes to be returned by the central government to local governments has not been finalized, the contradictions have not been fully revealed at this stage.

Liu Zhongli said that we have taken major moves in fiscal and tax system reform, and some are quite difficult. Take for instance the value-added tax reform. Some countries took a long time to prepare its introduction and allowed a certain period for trial implementation. We had just six months of preparation and then implemented it right away. It is no small feat that there have been no major problems in the course of implementation. The fundamental reason is that people want reform and it enjoys the support and understanding of all quarters.

When asked about how to improve and deepen reform of the fiscal and tax system, Liu said that it has been less than six months since the introduction of the reform, and some problems have been fully revealed and solved. But with the deepening of reform and changes in the economic situation, it is highly probable that new problems will emerge, which will require further standardization in terms of structure and system. This means that a great deal of work has still to be done in improving the reform measures in the latter half of the year. Reform, however, is a social systems engineering project. To guarantee smooth progress in reform, the scale of fixed assets investment and price rises must be kept under control. Supporting reforms, including those for a

modern enterprise system and in the social insurance system, must be accelerated to create a more favorable objective environment for fiscal and tax system reform.

Liu especially emphasized that the present reform is aimed at changing the mechanism. By the end of the year, even if we have already perfected the reform measures as best we can, all we will have done is to set up a framework for the new system and take the first important step in fiscal and tax reform. A much longer period of fine tuning will be needed to really create the fiscal and tax operational mechanism demanded by a socialist market economy. The most difficult thing here is perhaps changing the way people think. Liu said that despite the operation of the new tax system over the past five months, there are still strong demands for tax reductions and more favorable policies. This indicates that it is a very painful transition from enjoying favorable treatment to paying taxes according to the law like everyone else. When enterprises are doing fine economically, the transition is perhaps a little easier. Once enterprises have difficulties, it is very easy for the old disease to flare up again. This is especially so when government functions have not been entirely separated from the management of enterprises. Relevant departments and local governments are likely to ask for favorable treatment for enterprises in difficulties. Therefore, a lot of hard work has yet to be done to truly realize equal competition and have people pay taxes according to existing regulations. As for perfecting the tax-sharing system, the task is even more arduous. This reform uses progressive methods, and certain old practices are still allowed to operate within the new system. Many practical problems have to be properly solved in the transition and convergence. On the other hand, the new system itself needs to be improved in many ways. For instance, payment transfers are an important element in the tax-sharing system. Different countries have different ways of doing it. How to establish a payment transfer system suitable to China's situation requires our serious attention. Another example. After the central government has appropriately increased the concentration of financial power under the new system, how do local budgets make the best use of local tax systems, adjust their sources of income, improve the local tax collection structure, and spend rationally within their economic ability? This is also something that will take time to discover. Therefore, when we talk about reform of the fiscal and tax system, we should not just see the superficial situation after the introduction of the reform measures. Rather, we should evaluate it and make judgments by placing this reform within the overall reforms aimed at establishing a socialist market economic system. We should never forget the fundamental goal of changing the operational mechanism. Of course, this is a very important year. If we fail to set up even the basic framework for the new system, or if what we do has an adverse effect on economic life and the financial situation, then all the rest is out of the question. In the next six months, therefore, we should do two things: On the

one hand, we must guarantee the implementation of the reform measures and avoid problems; on the other, we must pay attention to the implementation of the budget to guarantee its fulfillment in this fiscal year.

Finally, Liu Zhongli emphasized that the overall situation of reform is fine and that those problems which have occurred have been and will continue to be resolved appropriately. They will not affect the overall effort of pushing the reform forward. If all parties will, in conformity with the demands of the socialist market economic system, change their way of thinking and improve their work, reform of the fiscal and tax system will surely succeed.

### Rising Trend Returns in Investment, Consumer Prices

HK1708111694 Beijing CHINA DAILY in English 17 Aug 94 p 1

[By Wu Yunhe: "Investment in Fixed Assets Soars by 72.9% in July"]

[Text] Fixed assets investment—a major factor in the country's economic development—shot up 72.9 percent in July, the State Statistics Bureau announced yesterday.

The hefty year-on-year jump last month marked a sharp departure from the steady growth trend seen over the first six months of this year a bureau spokesman said.

The new surge in investment by State institutions is expected to further push up the country's economic growth, which has already outpaced the 8 to 9 percent growth rate projected at the beginning of this year.

In June, spending on fixed assets grew 43.5 per cent compared with June last year.

Coupled with the swelling investment, inflation is also rising, the bureau said.

The year-on-year increase in retail prices was 21.4 percent nationwide in July, compared with 20 percent in June.

Consumer prices, which includes service sectors, is another major indicator of the nation's inflation. It saw a yearly growth of 24 percent in July.

The bureau blamed the relaxing of macro-economic control for the abrupt growth of fixed assets investment, which in turn has fuelled inflation.

Capital construction and real estate projects were the two major areas of State units' investment in fixed assets this year, the bureau added.

State institutional investment in capital construction and real estate projects grew 76.8 percent and 95.8 percent, respectively, in July over the same month last year.

Last month, there were 5,447 new projects in fixed assets sectors, 889 more projects than in July last year.

Bureau economists explained that the peak growing season of fixed assets investment is in the third and the fourth quarters of a year, which may pose a threat to the government's efforts to achieve its major economic targets this year.

The central government should keep a close eye on the ballooning fixed assets investment, thus avoiding runaway economic growth, the bureau suggested in its monthly report.

It should also cautiously carry out its price reforms and policies that aim to steer the nation towards a market-oriented economic system, the bureau said.

The bureau's economists noted that the on-going price reforms and some related measures were the major factors in last month's rising inflation.

During the first seven months of this year, retail prices nationwide grew 20 percent year-on-year. However, the figure for the January-June period was 19.8 percent.

Retail sales also rose. The economists attributed this to the inflationary factor, the quick growth of fixed assets investment and the unusually hot summer this year, which combined to spur consumers' buying mood in July.

In the January-July period the country's retail sales reached 843.9 billion yuan (\$98.1 billion), up 26.2 percent from the same period last year.

But the growth rate was only 5.2 percent after taking inflation into account.

In July alone, retail sales were 126.2 billion yuan (\$14.6 billion) nationwide, up 29.9 percent from July last year.

Air conditioners, refrigerators and other consumer durables were especially hot sellers this summer, spurring enterprises' production and boosting their profits.

#### **Economy To Continue in 'Yellow Zone'**

*HK1708151994 Beijing JINGJI RIBAO in Chinese 18 Jul 94 p 2*

[By Qiu Xiaohua (6726 2556 5478): "Guard Against Unsmooth Operation of Economic Cycle—Macroeconomic Prospects for Latter Half of 1994"]

[Text] The year 1994 is a critical year for China's reform, opening up, and modernization undertakings. How should we evaluate operations in the first six months of this year and how do we control the development trend in the latter half of this year? This is an issue of extensive concern.

#### **Status Quo: The Principal Feature Is Economic Operations Are Steady, Threatening But Not Dangerous**

Generally speaking, as indicated by the price index, the economy continues to operate in the yellow zone without

sharp fluctuations. In the first half of the year, the boom tended steadily towards a basically normal zone.

In the domestic market, there was a tiny storm caused by the unification of exchange rates at the beginning of the year, but this was transient and soon ended. In most months, sales of goods saw a steady rise. For most products, there was either a balance between supply and demand or supply exceeded demand. This was the main factor in the relative balance of the national economy.

Regarding industrial production, the rate of annual increase was basically stable at around 16 percent. However, internal development was not balanced. The state-owned sector operated in a relatively inactive way, whereas the nonstate sector has been growing in the red-light zone. In the southeast coastal areas, industrial operations continued to enjoy a boom, but the situation was relatively stable in central and western parts of the country.

Seen from investment in fixed assets, the marked cooling of investment constitutes one of the causes of the stable market for the means of production.

Seen from monetary indexes, most presented a good operational pattern. A fairly fast recovery in enterprise deposits contributed positively to a recovery of the business boom. However, the continuous high-speed increase in the banks' cash disbursements, particularly wage-related expenses, slowed due to the decline in the rate of economic growth.

In the field of import and export, the unification of exchange rates and the cooling down of the domestic market promoted exports and reduced imports. This is another factor spelling stability for the growth rate. What warrants special notice is the rather quick rise in foreign exchange reserves, which gives extra leeway to macroeconomic regulation and control.

Viewed from the financial situation, the new tax system has seen a smooth transition free from any social "shock." This has guaranteed a steady rise in fiscal revenue. In the first half of the year, revenue increased by more than 20 percent, accompanied by a corresponding rise in expenditure. However, a basically balanced situation was maintained.

Nevertheless, in spite of stability, which is the main theme, some indexes are unsatisfactory. High price rises hinder the steady advance of the entire economy toward the goal of macroeconomic regulation and control. Secondly, there are some initial signs of irregular economic circulation. There has been extensive overstocking of products and delinquency in debt payment. Quite a number of enterprises are bogged down because of ineffective fund circulation. Large amounts of funds are tied up in stocks and accounts receivable, and the sales index for productive enterprises runs continuously in the depressed zone. This has become a conspicuous contradiction adversely affecting the economic efficiency of enterprises.

The above-mentioned problems represent the negative effects which have arisen in the course of eliminating difficulties in the preceding period when there was over-heated investment and confused finances, which made it hard to prevent the economy as a whole from facing a "red light." On the other hand, there are also the "labor pains" inevitable in the course of deepening reform and quickening the transformation from the old system to the new system. In other words, they are problems in the way of advance.

**Trend: Small Fluctuations, While Overall Economy Expected to Remain in Yellow-Light Zone**

Looking forward to the latter half of the year, there are both positive and negative factors. On the whole, overall economic operations will continue to be free from sharp fluctuations, the generally stable situation can be maintained without being fundamentally upset, and the basic state is still in between the yellow-light zone and the red-light zone.

The positive factors come mainly from three aspects. First, the economic cycle is functioning and at present we are still located in the middle part of the downward period, not yet the phase of rapid decline. Second, thanks to the effect of macroeconomic regulation and control, aggregate demand and supply are in a basically balanced state, the financial situation is stable, the banks' ability to pay is relatively strong, and state foreign exchange reserves are at a high level. These factors will play a positive role in maintaining steady economic development. Third, due to the role of the internal expansion mechanism in various ways, the sense of catching up with and surpassing the advanced, the motive to seek profits, the pressure to eliminate backwardness and poverty and increase employment—all these have maintained the lasting enthusiasm of all localities, departments and enterprises to seek further growth and begin more projects.

The negative factors come mainly from two aspects. Firstly, people from all walks of life still find it difficult to bear high price rises. Therefore, it is necessary to continuously take price-control policies and measures, which will inevitably restrict ultimate demand and will probably make market problems more prominent. Secondly, there are still some prejudiced ideas about marketization reform at the macrolevel. The growth and development of various factor markets is strictly confined to the permitted range of macroeconomic regulation and control. In the short term it is probably difficult to bring into play the market's power in allocating resources and thus affect economic activity.

To sum up, future economic operations are very likely to fluctuate slightly under the dual conditioning of the time cycle and economic policy. In case of a relatively strong declining or rising trend, the policy-related effects of reverse regulation will probably move it upward or pull it down [sentence as published]. The regulation, sometimes tense and sometimes loose, will keep the economy

operating roughly in the yellow-light zone. Of course growth may exceed or fall below the yellow-light zone in certain months, and major economic indexes for the whole year may surpass the planned targets. However, overall economic operations are expected to remain within the stable zone.

**Regulation and Control: Properly Control Strength of Macroeconomic Regulation and Control, Actively Overcome Market Slackness While Easing Inflation**

In view of the existing problems in our economic life, great attention should be paid to scientific control of the strength of macroeconomic regulation and control. It should be neither too tense nor too loose, but should be stable and balanced. Drastic policy changes should be avoided as much as possible.

Inflation should be an important target in exercising regulation and control, while energetic measures should be taken to overcome obstacles hindering market circulation. The anti-inflation stand should undoubtedly be firm, but the concrete steps taken should not be radical. We should have an overall view and take gradual and steady steps to gradually reduce price rises. At present, it is imperative to employ legal, administrative, and economic means to relentlessly crack down on price fraud and other illegal conduct. Meanwhile, strict control should be exerted on the issuance of new price rise measures.

There are three key links in macroeconomic regulation and control. The first link is agriculture. We should base ourselves on resisting natural disasters to strive for good harvests. We should ensure an increase in agricultural production and the supply of farm produce. The second link is investment. The focus of control should be switched from the amount of annually realized investment to the scale of projects under construction. New projects should be put under very strict control, while the strength to control the existing range of investment realization should be maintained so that the curtailment is not excessive and pressure in the market can be alleviated. The third link concerns the money market and monetary policy, which should be stable with fine tuning. In the course of strengthening management and optimizing structure, the development pace of the money market should be properly quickened to speed up the circulation of capital and improve the efficiency of capital.

**Center Increases Financial Reliance on Rich Provinces**

*HK1808044094 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 12*

[By Willy Wo-lap Lam]

[Text] Beijing has stepped up its demands for rich regions to make contributions to impoverished areas of the country. These donations are in addition to the

regular tax and other payments surrendered by provincial and municipal administrations. Since the taxes to be given to central funds have already increased, the extra solicitations have aroused widespread discontent among regional leaders.

The semi-official China News Service reported last night that coastal provinces and cities had set up funds to help inhabitants in Sichuan and Hubei who had been displaced by the Three Gorges Hydroelectric Project. Twelve cities and provinces, including Beijing, Shanghai, Shenzhen, Guangzhou, Guangdong, Fujian, Shandong, Jiangsu, Zhejiang and Hunan, have so far donated 6.82 million yuan (HK\$6.13 million) for this purpose.

Authorities in Shenzhen said they had taken money out of the municipal budget to provide residents in Batong County near the dam site with 2.5 million yuan in low-interest loans.

Political analysts said this year marked the start of the practice whereby the central Government depends on localities to fund projects that have formerly been bank-rolled by Beijing. Regional governments are also forced to pay the salaries owed to workers from state factories that are operating at a loss.

Because of their relative wealth, coastal provinces and cities have borne the brunt of the burden. Guangzhou and Shenzhen, for example, had earlier made donations towards infrastructure projects in Tibet, the repatriation of migrant labour back to their home areas, various national sports games; and the upcoming National Day celebrations.

Sources in Guangdong said local authorities were willing to pay up in return for unwritten promises from Beijing that it would not interfere in the affairs of localities. The sources said it may be futile to resist the demand as Beijing had more than once taken the "contributions" directly from the accounts that municipal and provincial governments maintained in the central banking system.

Meanwhile, the central Government has boosted efforts to control the management of enterprises in the interest of guaranteeing social stability. The Labour Ministry, Finance Ministry and the State Economic and Trade Commission have asked enterprises to boost their employees' pay cheques if the salaries fall significantly below inflation. However, the ceiling for the pay increases is 50 yuan per month. The request applies even to state enterprises that face grave financial difficulty. Chinese economists said the dispensation was necessary because of a spate of strikes and other industrial incidents staged by workers. In the past week, Beijing has also asked enterprises that plan to lay off workers to fork out "placement funds" to ensure the welfare of the displaced workers.

### **Workers at Strapped Enterprises Allowed To Raise Pay**

*HK1808040094 Beijing ZHONGGUO XINWEN SHE in English 1202 GMT 17 Aug 94*

[Text] Beijing, August 17 (CNS)—A decision was recently made by the Ministry of Labour, the Ministry of Finance and the State Economic and Trade Commission that the gross payroll shouldered by some enterprises in difficulties would be allowed to increase to deal with price hike and various social factors.

The decision stipulates that within limit of the total sum for wages, which is allowed of certain flexibility, approved by the state, local authorities and government departments are allowed a pay rise of not more than RMB [renminbi] 50 a month on average for per worker whose original wage gain was lower than an increase in living expense.

The verified gain of payroll is included into the cost for a particular enterprise. Enterprises employing the practice of linking wage with efficiency has their increased payroll listed outside the wage base and then has such part included into the payroll base in the following year. Enterprises carrying out the contract practice for the payroll have their contract base increased while those employing the planned wage scheme has their wage scheme base increased.

Enterprises in the red are not allowed to increase their total payroll before they have fulfilled the task assigned by their superior departments to reverse the loss. It is up to these enterprises to settle the wage problem.

### **Rules on Unfair Competition by Utilities**

*HK1808040294 Beijing ZHONGGUO XINWEN SHE in English 1320 GMT 17 Aug 94*

[Text] Beijing, August 17 (CNS)—Regulations on countering unfair competition has recently come into force with the approval of the Standing Committee of the Beijing People's Congress in the 11th session. The regulations mainly curb unfair competition undertaken by public utilities enterprises and other enterprises enjoying a legitimate monopoly status.

The regulations clearly state that "public utilities" were regarded as business covering supply of water, electricity, heating and gas as well as postal service, telecommunications and public transport.

Public utilities enterprises and those entitled to a monopoly status for a particular kind of business are not allowed to impose restrictions on competition, according to the regulations. The restrictions are summed up in seven points. First, these enterprises restricted their service users and other consumers to their own supplementary items and banned the customers from obtaining similar commodities from other business entities.

Second, users and consumers are confined to buying or using products provided by business entities designated by these enterprises.

Third, users and consumers are forced to buy commodities and other accessories of unnecessary demand.

Fourth, users and consumers are forced to buy items of unnecessary demand from business entities designated by these enterprises.

Fifth, consumers are prevented by these enterprises from buying commodities or using service from other business entities under the guise of quality examination of commodities.

Sixth, dirty practices are employed by these enterprises against users and consumers who boycott unfair competition raised by these enterprises. Supply of commodities or service is rejected, cut off or trimmed for consumers. On some cases consumers are overcharged for these commodities and service.

Seventh, other restrictions on fair competition are imposed by these enterprises.

Some public utilities enterprises which were accustomed to the planned supply mechanism in past years tend to force consumers to buy particular products designated by them under the name of technology and safety factors.

#### Separation of State, Local Tax Systems Nearly Complete

HK1808070194 Beijing XINHUA Domestic Service in Chinese 1225 GMT 15 Aug 94

[Text] Beijing, 15 Aug (XINHUA)—This reporter has learned from the State General Administration of Taxation that the establishment of state tax organs at the provincial level which are separate from local tax organs, in accordance with centralized planning and the requirements of the Central Committee and State Council, has been completed.

As has been revealed, by the end of July, 13 provinces, autonomous regions, and municipalities—including Guangdong—had established a separate provincial-level tax organ. State tax bureaus at the provincial level, separate from local tax bureaus, are now officially in operation in provinces, autonomous regions, and municipalities such as Beijing, Shanghai, Sichuan, Guizhou, Guangxi, Qinghai, Ningxia, Hunan, Inner Mongolia, Heilongjiang, Jiangxi, Shandong, Shaanxi, Anhui, Zhejiang, and Hainan. Their duties are separate. There are only state tax bureaus in the Tibet Autonomous Region.

To help strengthen taxation and assessment, and to reduce unnecessary repeats in tax levying, the State Council, in compliance with the revenue-sharing financial structure, has defined clearly the scope of taxation for these two different tax organs. Tax authorities will set

up state or local tax bureaus, depending on the administrative level in question, which is arranged hierarchically as provinces, cities, regions, prefectures (cities, autonomous prefectures, and leagues), and counties (cities and banners). The state tax system on which tax affairs offices (collection points) are based will be established according to the boundaries of economic regions, while the local tax system will be defined by people's governments at the appropriate level. Within the state tax system is a vertical management structure directly under the State General Administration of Taxation. In reviewing and endorsing matters of organization, staffing, budgets, and duties for leading cadres, the structure is governed by a vertical management system and the principle of one level supervising the one immediately below. Local tax bureaus at all levels will be managed by a dual leadership system headed by local people's governments and the State General Administration of Taxation, with the former bearing the main administrative burden.

At present, localities are stepping up efforts to establish separate tax organs from the provincial level down. Nationally, the work of establishing two separate tax organs will be completed by the end of September. As the State General Administration of Taxation and the local tax organs pursue their work, in accordance with their different duties, they will be playing a significant role in bringing the financial and tax system reforms to a successful conclusion, and in completing tax collection arrangements.

#### Official Views 'Problems' in Implementing Tax Reform

HK1708112094 Beijing CHINA DAILY in English 17 Aug 94 p 4

[Article from the "Opinion" page: "Tax Loopholes Must Be Closed"]

[Text] The tax reform implemented at the beginning of this year has been successful. But it has not been smooth sailing. Snags still exist under the new tax system and hurdles have to be overcome in collecting taxes.

Some problems in the new tax system are likely to surface in the second half of this year.

The country should therefore focus on improving the new tax system, setting up national and regional tax collection bodies and increase tax revenue in the second half of this year, said Xiang Huacheng, vice-director of the State-Administration of the Taxation in the Science and Technology Daily.

Local authorities should abide by the new tax rules.

However, recently some localities have been found adapting the new system and policies without the approval of central government, said Xiang.

Some reduced or abandoned consumption taxes. Some illegally cut the income tax of listed share-holding companies to 16 percent from 33 percent.

Xiang said that some provincial, municipal and county-level tax bureaux have engaged in these unauthorized practices.

The new tax system aims to set up a unified and fair tax collection system. If localities continue to change tax policies to suit their own needs, the tax reform goals will not be reached, warned Xiang.

Xiang urged tax departments at all levels to investigate and correct all forms of malpractice.

Taxation is vital in carrying out the central government's economic policies. Consequently, it should undergo various adjustments to ensure fair taxation and competition, and to strengthen the government's economic control, he said.

The government should help loss-making firms by cutting their taxes and encouraging them to increase their efficiency, said Xiang.

The tax reform will change the income distribution between enterprises and the government, and central and local governments.

Next, the State will focus on promoting the reform of regional taxation to improve the local tax system and raise the proportion of local tax revenue, Xiang said. This part of the reform will improve the new tax collection system between the central and local governments.

In the implementation of the new tax system, loopholes in tax collection and management have become visible. To overcome these problems, tax departments should concentrate on four aspects, said Xiang.

First, receipts of value-added tax must be standardized. Controls on the printing, distributing, and issuing of the receipts should be strengthened.

Furthermore, tax departments should regularly inspect the circulation of tax receipts and update their inspection equipment.

Already special receipt inspection systems are being set up in 50 major cities and this will help in the clampdown of illicit receipts.

Second, tax collection of self-employed businesses and individuals should be intensified.

Tax dodgers should be given harsh penalties and fines.

Third, tax collection reforms should be carried out gradually to improve inspection procedures.

Tax departments should set up self-report systems, adopt computer control systems and raise the standards of tax inspectors.

Fourth, governments and tax administrative departments should concentrate on bringing tax revenue back on track.

Local tax bureaux should pay more attention to major tax generating enterprises, improve their performance and increase their revenue.

And measures should be taken to remove three obstacles blocking tax payment. These are companies' hefty stockpiles, tax defaults, and tax rebates for exports, said Xiang.

#### New Customs Regulations on Collecting Cargo Dispatches

*HK1808070394 Beijing XINHUA Domestic Service in Chinese 0646 GMT 15 Aug 94*

[Text] Beijing, 15 August (XINHUA)—The PRC General Administration of Customs recently issued a notice providing new regulations on the inspection and release procedures for "selling coupons outside the borders and collecting cargoes within the borders."

The new regulations demand that passengers produce passports or other valid travel documents when going through the cargo coupon inspection and release procedures. Passengers who find themselves unable to attend the procedures in person may entrust others to go through the processing; the trustees must produce the passports or other valid travel documents of the passengers to the Customs for scrutiny, otherwise the Customs may refuse to handle the processing. The new regulations also provide that before a "cargo coupon" inspected and released by the Customs can have the cargo dispatched, the cargo dispatcher at the cargo collection port must submit the second form of the "cargo coupon," the "passenger cargo collection form," to the customs authority at the cargo collection port for verification. The customs authority will stamp its verification on the back of the form before the cargo dispatcher can dispatch the cargo.

#### Pirated Compact Discs on Sale 'All Over' Beijing

*HK1808030694 Hong Kong AFP in English 0210 GMT 18 Aug 94*

[By Philippe Massonnet]

[Text] Beijing, August 18 (AFP)—China may have declared an official drive to stamp out the huge compact-disc piracy that outrages the West, but the Beijing shopper does not have to look far to find CDs selling for less than two bucks.

Just around the corner from the ministries tasked with enforcing the clampdown, music-lovers can choose from a spectacular range of illegal CDs, each on sale at the bargain price of just 15 yuan (1.75 dollars).

All over the Chinese capital—especially the area where foreigners live—young hawkers wander the streets night and day carrying bags stuffed with pirated discs.

"We come as often as possible," said one peddler. "Between police roundups," he added mischievously as he showed off his latest consignment of pop music.

Over the last few months, police have stepped up operations against piracy after the Chinese government promised the West, notably the United States, it would take firm action against violators of intellectual property rights.

The issue represents one of the biggest obstacles to China's much sought after entry into GATT (the General Agreement on Tariffs and Trade).

Washington decided in July to study copyright violations in China over a six-month period with a view to possibly imposing sanctions if the problem is considered serious enough.

In a show of good faith, Beijing immediately announced the seizure of 140,000 CDs in southern Guangdong province, a major pirating centre where experts believe about 30 factories use sophisticated Japanese technology to reproduce discs.

But U.S. trade officials say virtually all of China's CD plants are cranking out fakes, costing American musicians and companies untold millions of dollars in income.

The ease with which pirated discs can be obtained in Beijing and in most other large cities underscores the magnitude of the problem and highlights the authorities' almost impossible task in eradicating it.

Pavement vendors are far from being the only outlet for illegal copies of CDs in Beijing, as even state-run stores also occasionally sell discs for 15 or even 10 yuan.

This was the case at the beginning of June, ahead of the fifth anniversary of the crushing of pro-democracy protests in Tiananmen Square, in an apparent bid by the authorities to placate the public.

Some record shops even display pirated discs in their windows, presenting them as originals and selling them with the normal 80-yuan price-tag.

The pirates are so well-organised that they openly make use of sales representatives to promote their wares. "Very elegant sales representatives regularly call on us, offering CDs and videos at very competitive prices," said a manager at a plush Beijing hotel.

Most fakes strive to be identical to the original products, bearing the same photograph of the artist, the same production house logo and even the same serial numbers.

But often, the album cover is a bad attempt easily discernible to a Western buyer, combining smudgy pictures and misprinted titles.

A Madonna CD, recently seen on sale in the southern city of Shenzhen, had a picture of a blonde woman with only a passing resemblance to the U.S. star. The cover offered such famous hits as "Material Girl" and "Crazy For You."

Chinese consumers, who receive little warning of fakes, flock to buy them, as—apart from those who have top-of-the-range hi-fi equipment—the difference in sound from the real thing seems minimal.

And, professional to the end, the counterfeiters always remember to add the obligatory tag to reassure the more naive clientele: "ALL RIGHTS RESERVED—UNAUTHORISED COPYING PROHIBITED."

#### Offshore Oil Fields Set Production Record

OW1708140294 Beijing XINHUA in English 1326  
GMT 17 Aug 94

[Text] Beijing, August 17 (XINHUA)—China's offshore oilfields have pumped out a record 3.5 million tons of crude oil so far this year, the China National Offshore Oil Corporation reported today.

An official of the corporation said that China's offshore oil production is expected to top six million tons this year.

Oilfields in the eastern and western parts of the South China Sea and the Bohai Sea have met their production quotas for the first half of this year.

A new offshore oilfield, called Xijiang 24-3, in the eastern part of the South China Sea is set to go into operation in October, the official said.

#### Development of Refrigerator Market Noted

OW1708105094 Beijing XINHUA in English 0803  
GMT 17 Aug 94

[Text] Beijing, August 17 (XINHUA)—China is set to produce 7 million to 8 million refrigerators by 1995 and 8 million to 9 million by the year 2000, according to the China Council of Light Industry.

An analysis by the council shows that China produced 4.67 million refrigerators in 1991 and 6.22 million in 1993. The average popularization rate is very low in the country, which was 12.88 percent in 1991 (38.17 percent in cities and 3.77 percent in rural areas). The country needs to produce 50 million refrigerators to bring the popularization rate in cities and towns up to 70 percent,

an average rate for a middle-income country, and about 20 million more to bring the rural popularization rate up to 5 percent. That means that the annual demand will be about 7 million by the year 2000.

To attain the objective, the council said, China needs to readjust the structures of both enterprises and products so as to form a few large enterprise groups which will have technology development and designing centers and produce multifunctional, high grade, energy efficient and pollution-free products.

The council said that there are too many small refrigerator producers in China and the lack of independent production and designing capabilities resulted in low competitiveness of the products in the international market.

#### New Air Route Links Urumqi, Zhengzhou, Qingdao

OW1808064794 Beijing XINHUA in English 0151  
GMT 18 Aug 94

[Text] Zhengzhou, August 18 (XINHUA)—A Boeing 737-300 airliner has completed its maiden flight from Urumqi, capital of northwest China's Xinjiang Uygur Autonomous Region, to Zhengzhou, capital of central China's Henan Province, and Qingdao, an east China Port City, marking the successful start of another new air route.

The route, the longest across the Chinese mainland, operates every Thursday. It is the 24th as well as the longest air route operated out of Zhengzhou.

#### Beijing Produces More Electricity in July

OW1708135294 Beijing XINHUA in English 1028  
GMT 17 Aug 94

[Text] Beijing, August 17 (XINHUA)—China produced nearly 76.9 billion kwh of electricity in July, or 2.5 billion on average each day.

This was about 11 percent more than in the same period of last year, marking a strenuous effort to meet growing demands, exacerbated by the persisting hot weather across China since summer set in.

Reports said widespread use of air conditioners in city residences further burdened the exhausted power grids, resulting in more frequent power cuts.

A news release issued today by the Ministry of Power Industry said that July's hydro-power output hit 18.8 billion kwh and thermal power 58 billion kwh, up 17 percent and nine percent from the corresponding month last year, respectively.

This brought the total power output for the January-June period to some 514 billion kwh, 11 percent more than a year ago.

The release said southern and eastern China recorded the fastest growth in demand and local authorities called for strengthened efforts to save power and raise power efficiency.

It was predicted that electricity generation would keep increasing at a rate of around 10 percent in the remaining months to push this year's total to 900 billion kwh.

## East Region

### Anhui Launches 'Major Drive' Against Drought

OW1808043094 Beijing XINHUA in English 0148  
GMT 18 Aug 94

[Text] Hefei, August 18 (XINHUA)—The government of east China's Anhui Province has launched a major drive against the lasting drought which severely threatens the province's farming sector.

A key grain producer, Anhui has suffered a rarely-seen dry spell since April.

Rainfall on more than a half of the province's land has been reduced by 60 percent to 90 percent from the average in past years, even 100 mm less than the record minimum in 1978.

A survey report shows that by August 10, 3.17 million ha [hectares] of the province's cultivated land had suffered from the drought. Among them 1.21 million ha have reported no harvest this summer.

The provincial government has sent ten work teams to help the drought-stricken regions, including Chuzhou City, and Xuancheng, Chaohu and Suxian Prefectures.

Besides, the government has allocated 16,600 tons of diesel oil and a large amount of funds to support the ongoing anti-drought fight.

So far, more than 100,000 government officials and millions of laborers are working in the drought-stricken areas. And irrigation works involving 12 million cu m [cubic meters] of earth and stone work have been completed.

Moreover, 250,000 electric pumps, 144,000 diesel engines and water trucks have been put to full operation.

More than 200 million yuan (about 23.3 million U.S. dollars) has been injected into the fight, and 1.9 million ha of farmland has been irrigated.

A local official said that the province's water-conservancy projects have played an important role in the campaign.

These projects have supplied more than 10 billion cu m of water for irrigation on a two million-ha coverage.

According to the local meteorological observatory, there will be no chance of a major rain in the near future.

### Commodity Inspection Promoted in Fujian

OW1708134094 Beijing XINHUA in English 0926  
GMT 17 Aug 94

[Text] Fuzhou, August 17 (XINHUA)—More than 300 million U.S. dollars in foreign currency could not have been earned since 1991 without the help of the commodity inspection department, exporters of canned mushrooms in Fujian will always believe.

In 1989 the United States, heading a group of other Western countries, banned the import of canned mushrooms from Fujian, a province in east China, saying that they were tainted with exterotoxin.

As a result, hundreds of thousands of farmers cultivating mushrooms and factories processing the delicacy found it very hard to survive, for they had depended on exporting processed mushrooms worth millions of U.S. dollars each year.

Then came the provincial commodity inspection department that discovered the source of the exterotoxin, implemented prevention measures, and supervised the improvement of product quality in seven canned mushroom factories registered with the United States.

From November 1989 to the first half of 1992, the inspection department examined 8,000 mixed samples, finding none with exterotoxin, and at last redeemed the mushroom's reputation among world commodity inspection organizations and business concerns.

It is just one of those cases in which the inspection department has helped the agricultural products export industry out of a predicament.

In 1990, showing evidence that there are no cyanogens in wooden lacquered bowls, the inspection department persuaded Japan to restore imports of wooden tableware.

Fujian sells 20 million U.S. dollars worth of lacquered bowls to other countries annually.

Fujian exports over 800,000 tons of foodstuffs with a value of about 600 million U.S. dollars each year, mainly to Japan, the United States, Europe, and Southeast Asia.

To safeguard food quality, the provincial commodity inspection department issues hygiene certification to factories producing exported items.

A large number of factories producing boiled bamboo shoots and farms for raising eels have gotten hygiene registrations, which has led to the approval of 215 eel-raising farms by the Japanese ministry of health and welfare.

Fujian has developed boiled bamboo shoots as a staple export product, exporting 25,000 tons each year.

Since most of the bamboo shoot factories are township enterprises located in mountainous regions and marked by inferior equipment and poor quality control, the inspection department trained 1,500 people in boiled bamboo shoot production and testing and sent inspection personnel to factories during the production period.

In recent years, Fujian boiled bamboo shoots have emerged as a favorite food on the Japanese market.

### Fujian Improves Services for Overseas Investors

OW1808043794 Beijing XINHUA in English 0125  
GMT 18 Aug 94

[Text] Fuzhou August 18 (XINHUA)—Southeast China's Fujian Province is pondering measures to

improve services for overseas investors to keep its leading position in terms of foreign investment in the country.

The measures include strengthening consultation agencies, speeding up the process of examination and approval, and strengthening follow-up services.

Furthermore, the departments concerned are expected to solve the problems faced by overseas investors promptly.

Southeast Fujian's Quanzhou City has worked out detailed service measures for overseas investors. The mayor of the city has solved on-the-spot problems facing 37 Taiwan-funded enterprises.

By the end of last May Fujian had about 10,000 foreign-funded enterprises and more than 3,000 Taiwan-funded enterprises. The total investment of these enterprises has reached six billion U.S. dollars.

The measures are taken in view of the fact that with the increase of overseas-funded enterprises, some problems, such as labor-capital disputes, have emerged.

#### Fujian's Changde City Monitoring Trade Unions' Development

*OW1808043994 Beijing XINHUA in English 0142  
GMT 18 Aug 94*

[Text] Fuzhou, August 18 (XINHUA)—Changde City, southeast China's Fujian Province, has paid close attention to the establishment of trade unions in overseas-funded enterprises so as to help settle the increasing number of labor disputes in such enterprises.

According to Jiang Jianzhang, a leading city trade union official, 33 out of 40 overseas-funded enterprises operational in the city have set up their own trade unions.

As one of the major spots for overseas investment, especially from Taiwan, Changde has approved 178 overseas investment projects, of which 40 have already started operation.

These enterprises employ a total of 5,000 workers. The largest of them is a shoe-making enterprise solely owned by a Taiwan firm.

#### Jiangsu Farmers Increase Savings Deposits

*OW1808044194 Beijing XINHUA in English 0136  
GMT 18 Aug 94*

[Text] Nanjing, August 18 (XINHUA)—Farmers in east China's Jiangsu Province had saved 10.2 billion yuan by August 10 this year, bringing the province's rural bank deposits to 55.3 billion yuan.

The deposits of farmers in Shuyang County, the poorest in the province, are a record 300 million yuan, officials from the Jiangsu Branch of the Agricultural Bank of China said.

The officials said the robust increase in rural deposits provides a precious source of funds, which are badly needed by the fast-growing economy of the province.

By the end of July the Agricultural Bank and Rural Credit Co-operatives in the province had credits worth 72.6 billion yuan, 3.8 billion yuan more than in the same period of last year, the officials said.

#### Central-South Region

##### Cross-Border Travelers Forced To Purchase 'Medical Kits'

*HK1808041294 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 6*

[By Steve Ball]

[Text] An investigation is being sought after claims that mainland border officials are forcing through-train passengers to buy medical kits—or face a blood test. So far, one Hong Kong man travelling back from Foshan in Guangdong has reported having to buy a kit before he was allowed onto the train. The man said he had to pay 150 yuan (HK\$135) for the small box, which contained a thermometer, two plasters [plastic bandage strips], a small tin of Tiger Balm ointment and about half a dozen tubes of pills including painkillers and anti-diarrhoea tablets.

The Kowloon-Canton Railway (KCR) will ask its Chinese through-train partners about the claims. A KCR spokesman said: "We have seen only this one report and have not received any complaints ourselves. We need to investigate if there is a case of this happening and if so whether it has been caused through any misunderstanding."

The SOUTH CHINA MORNING POST has also learned that some mainlanders visiting Hong Kong in tour groups organised by the China Travel Service are told at Guangzhou they have to choose between the kit and the test. The mainlanders are asked to pay 20 yuan. The Hong Kong branch of the China Travel Service said it knew nothing about the practice. The Department of Health said it had made no request to the Chinese authorities to introduce such a system. A spokesman refused to say whether the medical kits were of any benefit. "We cannot comment on the policy of other countries," she said.

There were protests last year when China introduced random AIDS tests for frequent cross-border travellers at a cost of \$160. The policy was abandoned.

##### Editor of Crusading Shenzhen Magazine Replaced

*HK1808075494 Hong Kong EASTERN EXPRESS in English 18 Aug 94 p 9*

[By Grice Gilley]

[Text] A battle for control of one of China's most controversial magazines has ended with the ousting of the liberal chief editor in favour of a local propaganda official. The decision to replace Xu Hao as head of the Shenzhen-based Street magazine was made during a national telephone conference on July 21 involving local and provincial propaganda officials as well as Beijing's Ministry of Civil Affairs, which has editorial control over the monthly journal. The former deputy chief editor of the Nanshan district's daily government report, Liu Jia, has taken over as Street's chief editor, sources at the magazine said. It was also decided during the meeting to impose tough new restrictions on the magazine, which had been criticised for covering sensitive topics such as discontent over urban renewal and party links to community crime rackets.

"It will not be the same magazine in the future. We will not be allowed to report about important social events," a staff member said. Under the new guidelines, the magazine's coverage will be limited to two topics: The work of street committees and the construction of resident committees. Street committees are party cells that administer political control over Chinese citizens on behalf of the local district party committee. Resident committees are nominally civil groups that organise Neighbourhood Watch-type activities. The residents' committees have attracted the attention of researchers of Chinese grassroots political development as a result of their growing economic might and resultant demands for political power.

Half-a-dozen staff workers at Street have left as a result of the shake-up, including several prominent writers and photographers from Shanghai, the sources said. Under Xu, a respected editor who formerly ran the theoretical journal of the Shaanxi province party committee, Street won acclaim for its on-the-spot reports of prominent social issues at community level. The clampdown ends a year-long upheaval at the magazine, during which some senior party members in Beijing attempted to defend Xu. The People's Daily [RENMIN RIBAO] praised the magazine's "serious style and high tone" in a mid-May editorial, but this was apparently not enough to save Xu. He is expected to be compensated with a job in a party newspaper in Guangdong province later this year.

#### Hainan's First Spot Rubber Exchange Opens in Haikou

OW1708141294 Beijing XINHUA in English 1138  
GMT 17 Aug 94

[Text] Beijing, August 17 (XINHUA)—China's first spot natural rubber exchange, the Hainan State Farm Rubber Products Trading Center, opened in Haikou early this month, according to the "HAINAN ECONOMIC NEWS."

The newspaper said that the center in the Hainan provincial capital of Haikou has a 1,000-sq-m trading hall and 340 trading seats.

The center opens every week from Tuesday to Friday, with quotations listed by traders according to market demand.

The tropical island province of Hainan is the largest natural rubber producer in China, the paper said.

State farms in Hainan produce 160,000 tons of latex annually, about half of the total in China, the paper said.

#### Ma Zhongcheng Addresses Henan Government Plenary Session

HK1808034694 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 10 Aug 94

[Text] The enlarged eighth provincial government plenary session convened in Zhengzhou today. Those attending today's session included: Governor Ma Zhongcheng; Vice Governors Li Chengyu and Zhang Shiying; principal persons in charge of various provincial departments and bureaus concerned; Liu Xuebin, vice chairman of the provincial people's congress standing committee; Zuo Mingsheng, Yao Ruxue, and Mei Yangzheng, vice chairmen of the provincial committee of the Chinese People's Political Consultative Conference; and others.

Governor Ma Zhongcheng presided over today's enlarged plenary session, at which Vice Governor Li Chengyu delivered a speech spelling out specific measures for increasing revenue and curtailing expenditures in accordance with the spirit of a recent provincial government executive meeting, and in light of Henan's current economic situation.

Vice Governor Li Chengyu gave a brief account of this year's provincial government work to oppose corruption and straighten out malpractices, and made arrangements for work throughout the province to oppose corruption and straighten out malpractices in the second half of this year, in accordance with the spirit of the abovementioned recent provincial government executive meeting.

Governor Ma Zhongcheng delivered a speech in which he emphatically called for firmly and simultaneously grasping two aspects of work: Drought resistance and flood prevention, and striving for a good fall agricultural harvest this year. He said: At the moment, the province is suffering from a severe drought. Therefore, all areas across the province should work in a down-to-earth manner, and make every possible endeavor to combat drought and reduce drought-inflicted losses to a minimum. Meanwhile, in all areas across the province there should on no account be any slackening of flood prevention efforts because this year's flood season is not yet over. Instead, leaders at all levels across the province should place drought resistance and flood prevention high on the agenda at the moment.

Ma Zhongcheng stated: At the moment, we should focus on the following aspects of work: 1) Changing enterprise operative mechanisms; 2) Achieving double increase and

double economy; 3) Turning losses into profits; 4) Readjusting enterprises' product mix; 5) Fulfilling this year's provincial national economic and social development plans. He noted that, as the province is currently in financial straits, owing to growing financial expenditures, it is imperative to try in every way to cut down on all sorts of unnecessary expenditures, and using the province's limited financial resources, to guarantee the following: 1) Enough food for the province's population; 2) Disaster relief goods and materials; and 3) Government operational expenses. In so doing, he stated, it is imperative to enable higher levels to supervise lower levels, to cultivate a pragmatic and realistic work style, to surmount formalism, and to make a rational and appropriate use of the province's financial revenue.

Ma Zhongcheng continued: In the first half of this year, the province succeeded in instituting several reforms, with initial successes; ensured a smooth structural transition; and prevented unwelcome social upheavals. In the second half of the year, the province should make redoubled efforts to perfect all policy measures aimed at expanding opening up and deepening reform, with an eye to pressing ahead with the province's reform and opening up. To this end, all areas in the province should work in a down-to-earth manner so as to guarantee production and livelihood in each and every disaster-stricken area, stop waiting passively for relief funds provided by higher levels, start providing for and helping local people by engaging in production and cultivating a spirit of self-reliance, and strive to reduce disaster-inflicted losses to a minimum.

Ma Zhongcheng urged leading cadres at all levels across the province to handle correctly any contradictions among the people, to mobilize all positive factors that can be mobilized, and to further improve all types of work. With regard to the province's work to oppose corruption and straighten out malpractices in the second half of this year, Ma Zhongcheng emphatically called for strictly implementing the arrangements worked out by the provincial authorities, and for striving to win a number of initial victories in the first-phase struggle. To this end, leading cadres in charge of all areas and all departments across the province should be strict with themselves, first and foremost; perform official duties honestly; attentively abide by party and government disciplines; conscientiously investigate and handle various major and serious cases of corruption; resolutely straighten out professional malpractices; overcome formalism and superficiality; and strive to achieve some really good results in this endeavor so as to convince the broad masses of the people.

Persons in charge of the provincial finance and public security departments, as well as of the cities of Kaifeng and Puyang, also delivered speeches devoted to such issues as increasing revenue, curtailing expenditures, opposing corruption, straightening out malpractices, and others.

Attending today's enlarged plenary session as non-voting delegates were persons in charge of the provincial party committee's departments concerned; persons in charge of the provincial branches of various democratic parties; persons in charge of the provincial people's procuratorate and higher people's court; and persons in charge of various central units situated in the province's cities and prefectures.

### Southwest Region

#### Guizhou Strives To Promote Telecommunications

*OW1808043694 Beijing XINHUA in English 0135  
GMT 18 Aug 94*

[Text] Guiyang, August 18 (XINHUA)—This capital of southwest China's Guizhou Province is striving to promote its posts and telecommunications.

In the past few years the city has introduced internationally advanced facilities for its posts and telecommunications, and now the city has 60,000 program-controlled telephone lines.

It is learned that in July this year the city introduced from Spain a total of 78,000 program-controlled telephone lines.

By the end of next year the city will have 170,000 telephones, which will increase its telephone user rate to 15 percent.

Meanwhile, the number of telephones for personal use is on rise, and from the beginning of next year, local posts and telecommunications department will cater to the need of all applicants for installment of personal telephones, according to an official of the department.

In addition, the city newly added 5,000 long-distance telephones to the original 5,000.

Also, Guiyang's portable cellular telephones and pager systems have been developing rapidly.

The city now has over 50,000 pager users.

#### Sichuan's Chongqing City Bans Firecrackers

*OW1708135794 Beijing XINHUA in English 1051  
GMT 17 Aug 94*

[Text] Chongqing, August 17 (XINHUA)—Chongqing City in southwest China's Sichuan Province has announced that it will ban fireworks from October 1 this year.

The ban covers production, sales, and setting off of fireworks in the city's seven districts.

A local official said that city residents buy 75 million yuan worth of firecrackers, causing hundreds of fires and many casualties every year.

Now fireworks have been banned in some large cities of China.

**Sichuan Opens Wider To Catch Up Economically**  
*OW1708135894 Beijing XINHUA in English 1138  
GMT 17 Aug 94*

[Text] Chengdu, August 17 (XINHUA)—The economic growth of Sichuan, China's most populous province in the southwest, relies largely on the extent the province opens itself to the outside world, provincial officials acknowledged.

They came to know this, only after their unexpected success at pooling 2.455 billion U.S. dollars worth of foreign investment at the recent four-day Sichuan International Investment Fair, which was attended by investors from 24 countries and regions worldwide.

"Historical experience has shown that our province's economy develops fastest when we have the most active contacts with the outside world," the officials said.

In the early days of China's economic reform and opening drive launched in the late 1970s, few of the country's 30 provinces, municipalities and autonomous regions could match Sichuan's economic development, they recalled.

During the 1978-1985 period, for example, Sichuan's gross domestic product increased at a rate of three percentage points higher than the national average, the officials explained.

But from 1986 to last year, the growth rate stagnated at a level 1.1 percentage points below the national average, they noted.

Statistics show Sichuan's per capita income gap with the national average rose from 122 yuan in 1978 to last year's 849 yuan, which placed the province 25th among the country's 30 provinces, municipalities and regions.

Deputy Governor Diao Jinxiang attributes the slowdown of local economy to the fact that his province has not been open enough.

"Now that the symptoms have been found, the remedy is to open ourselves wider to the rest of the world," Diao stressed.

In a more open and eventful 1993, Sichuan launched successive investment and trade fairs in a dozen countries and regions including Thailand, Bulgaria, the United States, and Hong Kong and Macao.

Grand gatherings like the international panda festival and the international TV festival have also helped connect the province with the rest of the world.

With China's largest provincial population now exceeding 100 million, Sichuan has sent surplus workers out to other parts of the country, where they have established thousands of enterprises in more developed and coastal areas such as Shenzhen and Zhuhai.

The five million Sichuan farmers working elsewhere in the country send some 500 million yuan back home

every year. Some of them have returned home with new ideas, concepts and technology, pumping vigor into the economic progress of their hometowns.

"Sichuan has missed many development opportunities. We now should lose no time to catch up," said Qiu Shiming, a famed entrepreneur.

Thanks to the recent intensive efforts to open Sichuan wider to the outside world, the province is now favored by overseas investors.

According to official statistics, Sichuan has attracted some 7.3 billion U.S. dollars in foreign investment and set up over 4,800 overseas-invested ventures.

A number of big-name international companies and financial groups, such as Siemens of Germany, the Toyota Tsusho Corporation of Japan and the Standard Oil Company of the United States, have also invested in Sichuan.

So far the province has forged economic and trade ties with more than 120 countries and regions worldwide. Its annual two-way trade volume has reached three billion U.S. dollars.

**Leaders Attend Tibet Armed Police Corps Parade**  
*OW1808084194 Lhasa Tibet Television Network in Mandarin 1200 GMT 17 Aug 94*

[From the "Regional News Hookup" program]

[Text] The Tibet Regional Armed Police Corps reviewed its forces in Lhasa this morning. Formations of armed police corps units stationed in Lhasa, government organizations, Nagqu, Xigaze, Shannan, and Nyingchi were reviewed [video begins with a shot of the PRC insignia, camera pans slowly backward to show about 50 Tibetan leaders standing behind a long table saluting a passing motorcade].

Zhang Zhu, political commissar of the Regional People's Armed Police Corps, presided over the military parade. Pagbalha Geleg Namgyai, vice chairman of the National People's Congress Standing Committee, was present [Video shows Zhang Zhu making a speech, cutting to show Tibet Chairman Gyaincain Norbu talking to Pagbalha Geleg Namgyai].

In the company of Commander Tan Huasheng and Deputy Commander Ga Jin of the Tibet Regional People's Armed Police Corps, Raidi, executive deputy secretary of the Regional Party Committee and chairman of the regional people's congress standing committee, and Gyaincain Norbu, deputy secretary of the Regional Party Committee, and chairman of the Regional People's Government reviewed the armed police corps units [video shows Raidi and Gyaincain Norbu, standing in a jeep, reviewing the armed police corps unit formations. Tan Huasheng and Ga Jin, are seen standing in another jeep. The review takes place in a tree-lined thoroughfare with dotted lines painted in the middle].

Present at the military review were party, government, and military leaders in Tibet—including Guo Jinlong, Ba Sang, and Danzim, deputy secretaries of the Regional Party Committee; Commander Zhou Wenbi and Political Commissar Hu Yongzhu of the Tibet Military District; Yang Quantang, Zi Cheng, Lieque, Buqung, Lu Huiming, members of the Regional Party Committee Standing Committee; and Puqung, Zheng Ying, Sengcen Lozong Gyaincain, Pudoje, Samding Doje Pamo, Gong Daxi, Tian Fujun, Li Weilun, Yagzong Gawa, and Cui Zhiguo, vice chairmen of the Regional People's Congress Standing Committee—as well as leading comrades of relevant departments and offices in Tibet and the Tibet Regional Armed Police Corps [Video shows civilian and military leaders in Tibet standing behind a long table reviewing the armed police corps units marching in goose steps].

When the march-past began, 25 formations—including the formations that safeguarded the corps colors and insignia, and the rifle, submachine gun, handgun, motorcycle, automobile, and truck formations—passed the reviewing stand to be reviewed by party, government, and military leaders in Tibet.

Officers and men of the armed police corps units have undergone vigorous training since mid-April this year. They set strict demands on themselves, despite the tight schedule and exacting assignments. They displayed the five types of revolutionary spirit advocated by Comrade Deng Xiaoping [revolutionary and death-defying spirit; spirit of observing strict discipline and sacrificing oneself; spirit of selflessness and placing other people's interests above one's own; spirit of defeating all enemies and overcoming all difficulties; spirit of scoring victory by maintaining revolutionary optimism and surmounting all difficulties], made every effort to meet requirements, endured hardships, and took part in long hours of training, considering the assignments an opportunity to demonstrate their training in front of Tibet's party, government, and military leaders. Today they have accomplished all the missions set for the review, and their performance was satisfactory.

After the review, Hu Yongzhu, political commissar of the Tibet Military District, and Zi Cheng, member of the Regional Party Committee Standing Committee and secretary of the Regional Political and Legal Affairs Commission, spoke highly of the successful review [video shows military officer reading a prepared speech].

Hu Yongzhu said: The Tibet Regional Armed Police Corps is an important, CPC-led armed force safeguarding national security and social stability. Playing an important role on the forefront of fighting splittism and stabilizing the situation in Tibet, it has contributed positively to safeguarding the nation's frontier areas and Tibet's construction [video shows the passing of a motorcade].

Comrade Zi Cheng noted: The Tibet Regional Armed Police Corps is a toughened, combat worthy, and highly

disciplined force that the party, government, and people of all nationalities in Tibet can trust. Under the leadership of the Tibetan Party Committee, Government, and Regional Armed Police Corps Headquarters, the Regional Armed Police Corps has inherited and carried forward the party's and the Army's fine traditions; kept its missions firmly in mind; earnestly performed its responsibilities; remarkably accomplished all assignments from the higher authorities; and contributed positively to safeguarding national unity and solidarity, stabilizing Tibet's situation, safeguarding Tibet's economic construction, reform, and opening up. By so doing it has won acclaim from Tibet's leading authorities and people of all nationalities. Speaking on behalf of the Regional Party Committee and Government, he urged Tibet's armed police corps units to follow General Secretary Jiang Zemin's general requirements and build up the corps in all fields, improve the corps' military and political competence and ability to carry out assignments, fully implement the guidelines laid down by the Third National Forum on Tibet called by the central authorities, and make new and even greater efforts in building and safeguarding Tibet [video shows Zi Cheng reading from a prepared speech, cutting to show jeeps and vans slowing passing the reviewing stand and armed police corps personnel goose stepping in front of Tibet leaders].

Speaking after the parade, Tan Huasheng, commander of the Tibet Regional Armed Police Corps, said: Under the leadership of the Regional Party Committee, Government, and Armed Police Corps Headquarters, officers and men of the Regional Armed Police Corps are determined to implement all the guidelines laid down by the party Central Committee, State Council, and Central Military Commission on building stronger armed police corps units. We will consider the successful review as a new starting point. Using Deng Xiaoping's thinking on military construction during the new period as a guide, and following General Secretary Jiang Zemin's general requirements, we will earnestly implement the guidelines laid down by the Third National Forum on Tibet, build up the corps in all fields, make sure that all assignments, particularly the handling of contingencies, are accomplished, to contribute more to Tibet's stability and economic development [video shows Tang delivering a prepared speech, saluting the armed police corps units, and armed police corps units marching in formation].

#### Macao Goodwill Group Ends 10-Day Visit to Tibet

*OW1708142294 Lhasa Tibet People's Radio Network in Mandarin 0600 GMT 15 Aug 94*

[Text] After wrapping up their 10-day visit to Tibet, all members of a Macao goodwill delegation left Tibet for Macao on 13 August. They carried with them the profound friendship and sincere wishes of the people of Tibet.

The 25-member delegation, with Mr. Hu Shunqian as its chief and Messrs. Ou Zhizhong and Lu Chang as the

deputy chiefs, began touring scenic spots in Tibet—including the Potala Palace, the Norbu Lingka Park, the Jokhang Temple, and the Sera Temple—on the second day of its arrival in Tibet, although the members were travel-worn and had yet to adjust to the mountain climate. Braving the hardships of travel, they also made fact-finding trips to Nagqu and Xigaze Prefectures. They cut the ribbon for the Nagqu Hope Primary School; attended a signing ceremony marking the establishment of Tibet-Macao Business Development Co., Ltd.; formally laid the cornerstones of Lhasa's (Xianzhudao) and (Hexindao) projects; donated funds to the Cedain Zhoima and Han Shuli Artistic Creation Foundation; and toured the autonomous region's medical and cultural facilities, including the autonomous regional traditional Tibetan medical hospital and the autonomous regional song and dance ensemble.

During their trip to Tibet, the farsighted Macao industrialists, with Mr. Hu Shunqian as their representative, donated approximately 2 million yuan to Tibet's cultural and educational services. This fully demonstrates Macao compatriots' sincere love for their motherland and Tibet. As Chinese nationals, Macao compatriots felt a sense of supreme honor and pride to be able to participate in the motherland's socialist construction. They also signaled their intention of doing their utmost to make more contributions to the motherland and the people of Tibet in the future. Danzim, deputy secretary of the autonomous regional party committee and president of the autonomous regional association for cultural exchanges with foreign countries, spoke highly of their patriotic actions.

During its stay in Tibet, the Macao goodwill delegation was warmly welcomed by local governments and people wherever it went. Taking time off their busy schedules, autonomous regional leaders Raidi and Gyaincain Norbu personally met all the delegation members. Danzim, deputy secretary of the autonomous regional party committee and president of the autonomous regional association for cultural exchanges with foreign countries, and Chen Hanchang, member of the autonomous regional party committee standing committee and vice president of the autonomous regional association for cultural exchanges with foreign countries, accompanied the delegation throughout their visit.

Comrade Chen Hanchang and Mr. Ou Zhizhong exchanged calligraphy and painting scrolls on behalf of the Tibet Autonomous Regional Association for Cultural Exchanges With Foreign Countries and the Macao goodwill delegation, respectively, on the evening of 12 August, the night before the delegation left Tibet. Together, they wished that the Tibet-Macao friendship would be as boundless as the universe and as staunch as the mountains.

#### Tibetan Nationalities, Religious Affairs Work Viewed

*OW1808090994 Lhasa Tibet Television Network in Mandarin 1200 GMT 16 Aug 94*

[Station commentary: "Make a Success of Work Related to Nationalities and Religious Affairs; from the "Regional News Hookup" program]

[Text] In studying and implementing guidelines of the Third National Forum on Tibet, it is important to make a success of work related to nationalities and religious affairs. Governments and leaders at all levels should pay close attention to work related to nationalities and religious affairs. At the forum, comrade Jiang Zemin emphatically pointed out: We should pay close attention to issues of nationalities and religious affairs. Making a success of work related to nationalities and religious affairs is not only the CPC Central Committee's requirement for work in Tibet, but also Tibet's practical objective demand. Because Tibet is an autonomous region mainly inhabited by the Tibetan nationality, Tibetan Buddhism has a long-standing and profound impact on the masses of the Tibetan nationality. Making a success of work related to nationalities and religious affairs is of great significance in maintaining stability and promoting development. Therefore, we should pay attention to nationalities and religious affairs issues, no matter what tasks we are engaged in. We should be concerned about and support work related to nationalities and religious affairs so the CPC's policies toward nationalities and religious affairs will be implemented thoroughly in Tibet's political, economic, cultural, and other work. To make a success of work related to nationalities and religious affairs, we should unswervingly continue to implement the regional national autonomy system, implement the law on regional national autonomy in an all-around manner, double efforts to strengthen national unity and develop ethnic education, carry forward ethnic culture, respect ethnic customs, and attach importance to using the Tibetan language. To make a success of work related to nationalities and religious affairs, we should implement the policy on respecting freedom to believe in religion in an appropriate and all-around manner, and respect and protect proper religious activities. In the meantime, according to the principle of separating religion from politics and the government's laws and regulations, we should strengthen management of temples. As far as the mass of religious followers are concerned, we should protect their rights to believe in religion, and strengthen socialist ideological and political education, and education on science and culture. We should trust and rely on them to make a success of various undertakings. As to women, we should strengthen education and management. So long as we love our country and socialism, we should unite and encourage them to do something good for the masses and make efforts to safeguard the motherland's reunification and socialist construction. So long as we make a success of work related to nationalities and religious affairs, we will be able to fully mobilize the enthusiasm of the mass of peasants and herdsmen, workers, intellectuals, and patriots of all nationalities and various circles; mobilize all positive factors; and unite with all the forces that can be united, to open up a new vista for work in Tibet.

**Yunnan Governor Addresses Executive Government Session**

*HK1708144894 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 16 Aug 94*

[Text] The 10th provincial people's government executive session was convened yesterday and presided over by provincial Governor He Zhiqiang.

The executive session discussed, adopted, and decided to implement the province's aid-the-poor program at once.

The province's aid-the-poor program was formulated in accordance with a decision made by the provincial party committee and people's government. The program stated: Beginning this year, the province will invest more than 7 billion yuan over a period of seven years, will widely mobilize all forces throughout society, and will adhere to the principle of helping the poor and pushing ahead with economic progress at the same time. It will deepen reform, will build a sound market, will rely on advanced science and technology, will improve labor quality, and will increase inputs, raise efficiency, and step up infrastructure facilities building. The province pledges to carry out economic exploitation in some selected areas and at selected levels, to develop a commodity economy, to invigorate the rural market, and to basically resolve the problem of food and clothing for the province's 7 million poverty-stricken people by the year 2000.

Provincial Governor He Zhiqiang delivered a speech at yesterday's executive session. He pointed out: Implementing the province's aid-the-poor program is both an important task aimed at attaining the province's second-stage strategic goals and a crucial measure aimed at demonstrating socialist superiority. People of all nationalities across the province have shown great interest in the program. Because the program's implementation is not only an economic task but is a political task as well, party committees and people's governments at all levels in the province should give top priority to and should energetically and fruitfully implement the province's aid-the-poor program over the next seven years.

In implementing the province's aid-the-poor program, various areas should work out their own aid-the-poor programs. The provincial people's government will see to it that all areas, including all prefectures and autonomous prefectures, will consistently implement step by step the province's aid-the-poor program to the letter by suiting measures to local conditions, providing specialized guidance, working out feasible measures, and setting realistic strategic goals for helping the poor. All areas concerned should vigorously step up infrastructure facilities building and should fundamentally press ahead with the province's help-the-poor work.

The tasks outlined for the last five years of the province's help-the-poor program should also be included in the province's ninth five-year plan and should be made to coincide with the development of the province's five

industrial and economic zones. Moreover, we should attach great importance to increasing investment efficiency, attach top priority to improving population quality, train more qualified personnel, and help poverty-stricken people by virtue of advanced science and technology. We should conduct aid-the-poor work by expanding opening up to the outside world, mobilize the entire society to successfully implement the province's aid-the-poor program, strengthen leadership over as well as improve the organization and coordination of the province's aid-the-poor work, push forward the province's aid-the-poor work in a down-to-earth manner, work hard and live a plain life, and build more aid-the-poor strongholds devoted to resolving the problem of food and clothing.

Governor He Zhiqiang concluded by saying: By implementing the province's aid-the-poor program, I believe that Yunnan will certainly be able to attain the goal of basically achieving a comfortably well-off standard of living by the year 2000.

Provincial Vice Governors Li Jiating, Niu Shaoyao, Zhao Suming, and Yang Jianqiang also delivered speeches at the executive session one after another. The executive session was also attended by Wu Guangfan, provincial people's government secretary general, and the individuals in charge of various provincial commissions, departments, and bureaus concerned, among others.

**Second Yunnan Export Commodity Fair Closes in Kunming**

*OW1608135994 Beijing XINHUA in English 1343  
GMT 16 Aug 94*

[Text] Kunming, August 16 (XINHUA)—The second Kunming export commodity fair ended here today, having seen deals worth 1.462 billion U.S. dollars concluded.

The fair which opened August 8 in this capital city of southwest China's Yunnan Province attracted representatives of 1,135 enterprises from 24 provinces and autonomous regions across China and a dozen countries and regions such as the United States, Germany, France, Japan and Hong Kong.

Agents of a number of global business giants, including Shell and Duff-Norton, were present seeking co-operation partners.

Border trade done at the fair was worth 960 million yuan (about 110 million U.S. dollars), up 16 percent over the figure for the previous fair. One third of this trade was conducted between China and Myanmar [Burma].

According to fair organizers, the major products exported by the Chinese side during the fair ranged from textiles, machinery and electronic products to chemical fertilizers and daily-use necessities; import products included farm and sideline products, and mineral products.

## North Region

### Beijing Mayor Meets With Shantou City Leaders

SK1708130094 Beijing BEIJING RIBAO in Chinese 1 Aug 94 p 1

[Text] On the evening of 31 July, Li Qiyan, mayor of the Beijing municipal government, met with some guests, including Xu Deli, secretary of the Shantou city party committee; Zhou Risang, mayor of Shantou city; Chen Shixian, a well-known person from Thailand; and Xiang Huaqiang, a famous person from the motion picture field in Hong Kong. Wu Yi, director of the municipal foreign trade and economic cooperation department; Xiao Yang, governor of Sichuan Province; and Zhang Baifa and Wang Baosen, executive vice mayor of the Beijing Municipal government, also attended the meeting.

Li Qiyan enthusiastically welcomed and gathered together with these new and old friends and old colleagues. He said: Beijing municipality has enjoyed the support of central departments, brotherly provinces and municipalities, and the friends residing abroad when developing its undertakings; and expressed sincere thanks to them. He wished that the Shantou product exhibition and economic and trade talks, which will soon be held in Beijing, would be a success. He also wished that both new and old friends would further enhance their friendship and cooperation ties.

Xu Deli said in his speech that the Shantou special economic zone has developed itself wholly in reliance on the central policies and the assistance of all localities. He thanked all fronts for their support to the convocation of the Shantou product exhibition and economic and trade talks.

Leaders of Beijing municipality and Shantou city, including Lu Yucheng, Fang Yuanmo, Huang Zanfa, Huang Ronghan, Yang Piming, Chen Youlie, and Huang Zunzhong, attended the meeting.

### Liu Mingzu Replaces Wang Qun as Inner Mongolia Secretary

OW1708142194 Beijing XINHUA Domestic Service in Chinese 1229 GMT 17 Aug 94

[Text] Beijing, 17 Aug (XINHUA)—The CPC Central Committee recently decided to appoint Comrade Liu Mingzu as a member, a Standing Committee member, and the secretary of the Inner Mongolia Autonomous Regional CPC Committee. He will no longer serve as a deputy secretary, Standing Committee member, and member of the Guangxi Zhuang Autonomous Regional CPC Committee. Comrade Wang Qun will no longer serve as the secretary and as a Standing Committee member of the Inner Mongolia Autonomous Regional CPC Committee.

### Tianjin's Anticorruption Situation Reported

SK1708140194 Tianjin TIANJIN RIBAO in Chinese 5 Aug 94 p 1

[Text] The two-week supervision, examination, investigation, and study of Tianjin's anticorruption situation conducted by the central investigation group, headed by Chang Yanting, chief of the discipline inspection group stationed in the Ministry of Posts and Telecommunications under the Central Discipline Inspection Commission, in line with the unified disposition of the CPC Central Committee and the State Council, concluded smoothly.

On the morning of 3 August, the investigation group reported the investigation results to and exchanged opinions with leading comrades of the municipal party committee, the municipal people's congress standing committee, the municipal government, and the municipal committee of the Chinese People's Political Consultative Conference [CPPCC]. Listening to the report were municipal leaders Gao Dezhan, Zhang Lichang, Li Janguo, Liu Jinfeng, Fang Fengyou, Liu Fengyan, Li Huifen, Song Pingshun, Luo Yuanpeng, Zheng Zhiying, Wang Hongjiang, and Lu Xuezheng.

The eight-member central investigation group began to examine and investigate Tianjin's anticorruption work on 20 July. The group listened to the situation on how the municipal party committee and the municipal government implemented the instructions given by the CPC Central Committee and the State Council, as well as the guidelines of the third plenary session of the Central Discipline Inspection Commission and how they launched the anticorruption campaign. The group also arranged for the work for the next step. During the two-week investigation, comrades of the investigation group worked hard day and night despite hot weather and respectively listened to the report on the three tasks of the anticorruption campaign conducted by the municipal discipline inspection commission and the report on investigating and dealing with major and appalling cases by the municipal people's procuratorate and the municipal higher people's court. They also held talks with responsible comrades of various democratic parties and industrial and commercial federations of the municipality. They went deep into public health, public security, and industrial and communications departments as well as Nankai District, Hongqiao District, Jixian County, and Jinghai County to emphatically investigate how the anticorruption campaign was carried out. They entered workshops and peasant households to contact the broad masses of the people. They went to some hospitals to talk with medical personnel and patients and went to the Tianjin Development Zone, the bonded area, and the seamless steel tube company to learn about the production and construction situation and to solicit their opinions and demands on the anticorruption work.

While reporting on the investigation results on behalf of the investigation group, Chang Yanting, head of the

group, said: Through the two-week investigation, a host of cases show that Tianjin has done a lot of solid and fruitful jobs this year based on last year's achievements and has effected remarkable progress in all tasks of the anticorruption campaign. Conspicuous manifestations are: The determination of leaders has been great, people's enthusiasm has been great, work has been solid, measures have been effective, the anticorruption campaign has been proceeding in a sound and profound way and has played the role of positively promoting and guaranteeing the municipality's reform, opening up, economic construction, and social stability. Leading cadres have been more conscious in keeping with administrative honesty and self-discipline, have been more strict in participating in party activities, and have been voluntary in finding out and correcting their mistakes. As a result, dishonest behaviors of leading cadres have been eliminated and the masses have been satisfied with cadres' behaviors. Major and appalling cases have been investigated and dealt with vigorously and rapidly, a breakthrough has been made in punishing corruption cases, and new achievements have been scored in straightening out the unhealthy trends of departments and trades. As indicated by most masses, Tianjin's leading bodies are united, honest, realistic, and close with the masses.

Chang Yanting pointed out: The guiding ideology of Tianjin's anticorruption campaign is definite, and many methods and experiences of Tianjin have their own features. In particular, it is a very successful experience to oppose corruption centering on economic construction, on building of work style, and on reform. The most conspicuous characteristics of Tianjin's endeavor in opposing corruption and encouraging administrative honesty are: Leaders have stood fast at posts, duties have been assigned to persons, breakthroughs have been made in focal points, both root causes and symptoms of problems have been corrected, and practical results have been yielded. This has ensured the realistic, sound, and effective progress of the anticorruption campaign.

Chang Yanting also offered important opinions and suggestions on how to further launch the anticorruption campaign in a profound and sustained manner. He said: The tasks on the anticorruption campaign in the future remain very arduous and heavy. We should consolidate achievements and expand the results of the campaign in a bid to carry on the anticorruption campaign in an even more effective way. First, we should permeate the deepening of understanding to the whole process of the anticorruption campaign. Second, we should permeate dependence on the masses to all stages of the work of opposing corruption and encouraging administrative honesty. Third, we should permeate the work of resolving the root causes of problems to the process of maintaining administrative honesty. Fourth, we should permeate the implementation to the whole process of the three tasks of the anticorruption campaign. He also hoped that Tianjin would further increase the dynamics in propagating the anticorruption campaign to enable the numerous masses to understand the results of the

anticorruption campaign and to become more enthusiastic and confident in the campaign.

Gao Dezhān, secretary of the municipal party committee, extended heartfelt thanks to comrades of the investigation group on behalf of the municipal party committee, the municipal people's congress, the municipal government, and the municipal CPPCC committee. He said: We have been more confident in opposing corruption after seeing that the central investigation group has made such a profound and realistic analysis of the situation in the anticorruption campaign through practical and painstaking work. Comrades of the investigation group have not only conducted supervision and inspection of our anticorruption campaign, but also helped us deepen our understanding, summarize our work, and make clear the direction for the next step of the campaign. This is a very great motivation to us, and we are greatly inspired and educated by it. The work spirit and work style of the central investigation group merit our studying.

Gao Dezhān said: The municipal party committee will soon hold a standing committee meeting to conscientiously study the suggestions raised by the central investigation group and to make arrangements for the next step of the anticorruption campaign. In particular, we will continue to deepen the understanding of the anti-corruption campaign and better promote reform, development, and stability by strengthening party style and administrative honesty. We will keep sober-minded and adopt effective measures to consolidate the results achieved in the anticorruption campaign. We will earnestly overcome weak links, and further strengthen the measures for solving root causes of problems in order to carry out the anticorruption campaign in a profound, sustained, and effective manner. Also speaking at the report meeting were Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality; Li Jianguo, deputy secretary of the municipal party committee; and Liu Jinfeng, chairman of the municipal CPPCC committee. They pledged to rapidly transmit the opinions of the central investigation group to the grass-roots areas, make greater efforts to grasp the anticorruption campaign, and push forward various items of work in an even better way. They also hoped that the central investigation group would continue to show concern for the work of Tianjin.

#### Tianjin Reports Rapid Development of Rural Economy

SK1708143394 Tianjin TIANJIN RIBAO in Chinese 3 Aug 94 p 1

[Text] This reporter learned at the meeting to analyze Tianjin's rural situation that in the first half of this year, the vast number of cadres working for the agricultural sector truly attended to work by overcoming various difficulties and thus maintained good development trends in various aspects of rural work. In the first half of this year, Tianjin's countryside reached 10.64 billion

yuan in gross national product, an increase of 15.9 percent over the same period last year if calculated at constant prices, or 2.9 percentage points higher than the average level of the municipality. Meanwhile, Tianjin's countryside reached 956 yuan in per capita cash income of peasants, an increase of 35 percent over the same period last year, being one of the areas with a large increase margin.

Although Tianjin's agricultural production was afflicted by a serious drought seldom seen from last winter to this past spring, and although the fields sown to summer grain were 270,000 mu fewer than last year's, Tianjin's total output of summer grain still reached 507.5 million kg. This year, the sowing of grain and cotton was completed in a fairly good manner. The fields sown in cotton were 400,000 mu, 250,000 mu more than last year; and the fields sown in summer grain was 1.681 million mu, 30,000 mu more than last year. At present, grain and cotton seedlings are doing well, thus laying a solid foundation for reaping a bumper harvest in the whole year. The "vegetable basket" project has been expanded further; some cropping and breeding bases with appropriate management scale have begun to take shape; brand-name, fine-quality, and rare varieties of products developed rapidly; and the rural areas' service towards cities have improved further. Nonstaple foods have been produced and supplied in full variety. There has been an ample supply of nonstaple foods in markets and prices of such foods have been kept stable, satisfying the masses. In the first half of this year, total output of township and town enterprises was 38.124 billion yuan, 54.41 percent of the guaranteed goal assigned by the municipal government, or an increase of 52.84 percent over the same period last year. State-owned enterprises achieved remarkable results in turning deficits to profits. The range of unprofitable enterprises dropped by 9 percentage points. These enterprises generated 52.34 million yuan in profits, an increase of 53 percent. The tertiary industry developed rapidly, with the added value reaching 2.8 billion yuan, up by 11.51 percent over the same period last year if calculated at constant prices. The individual and private sectors of the economy developed rapidly. In the first half of this year, the number of individual business and commercial households increased by 36 percent over the same period last year, their registration funds increased by 427 million yuan, up by 176.4 percent; and their employment increased by 26.4 percent. Meanwhile, the number of private enterprises increased by 71.1 percent. At present, about 30 percent of financial revenues of most districts and counties are from individual and private sectors of the economy, and the nonstate-owned sector of the economy has already become the new growing point of rural economic development.

Rural reform has been promoted in an all-around way, the reform of the property right system has extended from township and town enterprises to agricultural enterprises, and the shareholding cooperative system has developed from a single form to diverse forms such as

leasing, auctioning, and incorporation. By the end of June, there were 1,499 township and town shareholding cooperative enterprises throughout the municipality, and these enterprises absorbed a total of 1.119 billion yuan in stock funds, of which, 402 million yuan were the stock funds of individuals. In addition, some 50 agricultural enterprises and 100 ocean fishing vessel groups carried out the shareholding cooperative system, and some 250 small enterprises that suffer tiny losses were sold and incorporated to others.

The reform of the land use right system has promoted the development of the large-scale agricultural management. The land subject to large-scale agricultural management of various forms throughout the municipality reached 1.88 million mu, accounting for 30.3 percent of the total cultivated land. Of this, grain fields reached 1.68 million mu, accounting for 35.2 percent of the total grain fields, and vegetable fields reached 200,000 mu, accounting for 46 percent of the total vegetable fields in the municipality. The pace of opening to the outside world was accelerated obviously, and Tianjin's countryside has become the hot area for foreign investment. In the first half of this year, new characteristics emerged in the activities of absorbing foreign investment, with small development zones as their center. The scale of technology content of enterprises increased obviously, and the arrival rate of foreign funds was 40 percent, or reaching 70 percent in some districts and counties. Foreign export trade increased by a large margin, the value of goods provided by the agricultural sector for foreign export trade accounted for 53 percent of the total value of exported goods of the municipality, a record high in history.

### Northeast Region

#### Heilongjiang Article on Foreign Trade Unions

SK1708135394 Harbin HEILONGJIANG RIBAO in Chinese 3 Aug 94 p 3

[Commentator's article: "Bring the Setup of Trade Unions of Foreign-Funded Enterprises Into the Orbit of the Legal System"]

[Text] "The regulations of Heilongjiang Province on trade unions of foreign-funded enterprises" was approved through examinations and discussions at the 10th standing committee session of the eighth provincial people's congress and will formally be put into effect 1 October. This is the first set of regulations governing trade unions in our province's history. So, the promulgation and implementation of these regulations will certainly be welcomed by the trade unions at various levels and the broad masses of staff members and workers.

Setting up trade unions at foreign-funded enterprises is not only an urgent demand for safeguarding the legal rights and interests of staff members and workers and promoting the sound development of the foreign-funded

enterprises, but also an essential requirement for developing the socialist market economy. Although the province has made rapid headway in developing the foreign-funded enterprises, it lags far behind in terms of the setup of trade unions at foreign-funded enterprises. As of the end of 1993, the province had 2,983 foreign-funded enterprises employing more than 140,000. Only 20 percent of these enterprises established trade union organizations and only a few staff members and workers joined the trade union organizations. Without strict and standard management and without necessary supervision, coordination, and restriction mechanisms, the foreign-funded enterprises had some problems in labor relations. The staff members and workers' personal safety and labor protection, as well as safeguarding their legal rights and interests have gradually become issues that society has generally paid close attention to. Some foreign-funded enterprises did not sign contracts with their staff members and workers. Some unilaterally tore up labor contracts that had been signed previously. These enterprises wantonly discharged and dismissed staff members and workers. Some set excessively higher work quotas or wantonly extended work hours. Some did not have complete sets of labor protection facilities and even had their staff members and workers take on jobs that were poisoning them or were harmful to their health. All these have damaged the relationship between enterprises and laborers and affected the sound development of enterprises. The promulgation and implementation of the "regulations" suit the province's new situation of reform and opening up, as well as the new changes in the labor relationship of foreign-funded enterprises, help bring the setup of trade unions of foreign-funded enterprises into the orbit of legal system, and also provide a powerful legal guarantee for the staff members and workers of foreign-funded enterprises to rely on trade union organizations and apply legal ways to safeguard their own legal rights and interests.

Carrying out the open policy is a state policy of our country. Increasingly more foreign traders are warmly welcomed to make investment and run enterprises in our province. If a good investment environment is said to be an important condition for attracting foreign traders, defining and developing a kind of stable and harmonious labor relationship will become an important aspect for forming a good investment environment. The trade unions of foreign-funded enterprises should carry out their work according to the basic principles as follows: On the one hand, they should safeguard the legal rights and interests of staff members and workers according to laws; on the other hand, they should work with foreign traders to help enterprises achieve management according to laws and promote development. So, the trade unions play an irreplaceable role in uniting with and educating staff members and workers to realize the targets for enterprise development and in coordinating the relationship between foreign investors and managers and staff members and workers. Particularly when contradictions and disputes between staff members and

workers and enterprises occur, the trade unions can timely consult and talk with foreign investors and enterprise managers on behalf of staff members and workers in order to help eliminate contradictions, rebuild good faith, pool the efforts of both sides on friendly terms, and jointly seek ways for enterprise development.

The staff members and workers of foreign-funded enterprises are a part of our country's working class, as well as the master of our country. Organizing and joining trade unions are the political rights entrusted to them by laws. So, the practice of interfering in and resisting the setup of trade unions and the normal activities of trade unions cannot be tolerated by laws. As important rules for the trade unions of foreign-funded enterprises, the "regulations" have defined the legal positions and the leadership and democratic systems of the trade unions of foreign-funded enterprises in our province, have provided a guarantee for their activities, and also have defined their rights and duties. Thus, the good implementation of the "regulations" is of great and far-reaching significance to promoting the province's reform, opening up, economic development, and social stability. The party and government departments concerned, particularly the leading organs of the trade unions at various levels, should regard the study, propaganda, and implementation of the "regulations" as a great matter, attend to them, and realistically speed up the pace of setting up the trade unions of foreign-funded enterprises. Simultaneously, the trade unions of foreign-funded enterprises should cherish their rights and interests, fulfill their duties well, and play a great role in safeguarding the legal rights and interests of staff members and workers, coordinating the labor relations, and upgrading the staff members and workers' ideological, moral, cultural, and technological quality.

### **Heilongjiang Sets Up State, Local Tax Bureaus**

*SK1708130294 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 15 Aug 94*

[Text] According to the State Council's arrangements for carrying out the financial system on the basis of rational division of power between central and local authorities and for organizing and setting up two tax organizations, the state tax bureau of Heilongjiang Province and the local tax bureau of Heilongjiang Province were established on 15 August.

Wang Zhenfang was appointed as director of the state tax bureau of the province; and Cao Guangliang, secretary of the party committee of the local tax bureau of the province. Tian Fengshan, acting governor of the provincial government, attended the inaugural meeting and also made an important speech at the meeting.

Tian Fengshan said in his speech: Carrying out the financial system on the basis of rational division of power between central and local authorities and organizing and setting up two tax bureaus is the major policy decision of the party Central Committee and the State

Council, as well as an organizational guarantee for setting up the new financial and tax system according to the requirements of the socialist market economy. Although our province has finished the task for establishing two provincial-level tax organizations, the task for separating these two organizations is considerably heavy. The province should firmly attend to the arrangements for setting up the organizations below the provincial level. Thus, we should continue to carry forward the good traditions of taking the overall situation into consideration and of working hard to ensure the satisfactory fulfillment of the task for establishing two tax organizations across the province by the end of May.

In regard to the issue concerning organizing and setting up two tax organizations, Acting Governor Tian Fengshan stressed: First, we should stress education. The preparatory groups at various levels should adopt a positive attitude toward establishing two tax organizations; and accelerate the pace of establishment in line with the principle that the earlier and the faster, the better. It is necessary to establish a system that the province should assume necessary responsibility for the establishment of the tax organizations at the prefectural and city level and that prefectures and cities should assume responsibility for the work at the county and district level; and to carry out the work in a positive, steady, and prudent manner. When dividing the functions of the two organizations, we should reasonably make arrangements to ensure that the collection and management of tax revenues and the work in other aspects will not be affected. Second, we should stress the rate of progress. We should upgrade the cadres' understanding about the great significance of separating tax organizations so that the tax affairs cadres will feel at ease when working at the state tax organizations and be happy when working at the local tax organizations. Third, we should stress discipline. In separating two tax organizations, the tax organizations at various levels across the province should especially stress organizational discipline, strictly enforce the guidelines of the State Council's instructions, carry out the instructions to the letter, but not act according to their own ways. To ensure the smooth establishment of the two tax organizations, we should strictly abide by discipline. None is allowed to take the chance of separating organizations to divide money or materials. None is allowed to take this chance to engage in lavish dining and wining, to travel with public funds, to promote cadres, or to employ personnel. Fourth, we should stress cooperation. We should accurately handle the relationship between state taxes and local taxes, between financial taxes and tax affairs, between local governments and state tax bureaus so as to pool joint efforts to grasp the work. The state and local tax organizations should respect and support each other, establish a work connection system, and consult with each other to solve their problems. The financial department, public security and procuratorial organs, and courts should, as always, support the work of state

and local tax organizations and work in cooperation with the tax affairs departments to achieve the work.

#### World Bank Makes Loan to Shenyang for Environment

*OW1708143594 Beijing XINHUA in English 1401  
GMT 17 Aug 94*

[Text] Shenyang, August 17 (XINHUA)—This capital of northeast China's Liaoning Province, will get ten million U.S. dollars-worth loans from the World Bank to improve its environment.

Local environment protection officials said that this is the first time that the World Bank has offered funds for the city's environmental undertakings.

The loans will be used in building waste-treatment facilities, an automatic waste-water monitoring system and an information and training center for environment protection.

The waste treatment project, costing seven million U.S. dollars, will be able to treat 20,000 tons of solid waste and 65,000 tons of liquid waste a year.

#### Chen Inspects Liaoning's Flood Control Efforts

*OW1708145494 Beijing XINHUA in English 1430  
GMT 17 Aug 94*

[Text] Shenyang, August 17 (XINHUA)—Chen Junsheng, State Councilor and head of the State Flood Control and Drought Relief Headquarters has urged local leaders in northeast China's Liaoning Province to be alert for more flooding, as heavy rains are lashing the area.

Inspecting Liaoning's flood control work, he said China's major rivers and reservoirs are still safe. But efforts should be made to consolidate the embankments of major rivers and ensure material supplies so as to guard against any dangers from major rivers.

Despite heavy rain, the State Councilor inspected Liaoning's Anshan, Panjing and Jingzhou cities during the past two days. He lauded Liaoning's efforts to increase flood-control funds and its accurate forecasting, which has helped prevent heavy property losses.

He said heavy rainfall has made this year's flood-control work arduous. As more rainfall is expected to hit many parts of the country, localities should remove all obstacles hindering the smooth flow of floodwaters.

He criticized some cities for attaching greater importance to urban construction than flood control. "All cities must set aside enough funds for flood control," Chen said, adding that a concrete plan should be mapped out after each major flood to intensify flood-control work in urban areas.

#### Northwest Region

##### Northwest Provincial, Regional Leaders Meet in Qinghai

*HK1808105194 Xining Qinghai People's Radio Network  
in Mandarin 2300 GMT 16 Aug 94*

[Text] The second joint conference of principal party

and government leaders in charge of five provinces and regions in northwest China victoriously concluded in Xining yesterday.

The joint conference was attended by the principal leaders in charge of five northwest provinces and regions, including Zhang Boxing [Shaanxi Provincial CPC Committee secretary]; Xu Shanlin; Chen Andong; Yan Haiwang [Gansu Provincial CPC Committee secretary]; Cui Zhenghua; Huang Huang [Ningxia Hui Autonomous Regional CPC Committee secretary]; Qian Qiqing; Abulaidi Amudurexit; Jin Yunhui [Xinjiang Autonomous Regional CPC Committee deputy secretary]; Yin Kesheng [Qinghai Provincial CPC Committee secretary]; Tian Chengping [Qinghai Provincial governor]; Huanjue Cenam [Qinghai Provincial People's Congress Standing Committee chairman]; Han Yingxuan [Qinghai Provincial Chinese People's Political Consultative Conference Committee chairman]; and Zhang Meiyuan as well as Wu Jie, State Commission for Restructuring Economy vice minister.

The joint conference comprehensively discussed possible ways to further the integration and exploitation of five northwest provinces and regions and to speed up the development of the northwest and narrow the gap between east China and west China. The conference reached a consensus on a number of key issues regarding northwestern integration and adopted the "Summary of the Second Joint Conference of the Principal Party and Government Leaders in Charge of Five Northwest Provinces and Regions" and "Policy Proposals to the CPC Central Committee and the State Council on Accelerating the Exploitation of the Northwest and Narrowing Gap Between East China and West China by the Second Joint Conference of the Principal Party and Government Leaders in Charge of Five Northwest Provinces and Regions."

At yesterday's closing session of the second joint conference, Yin Kesheng, Qinghai Provincial CPC Committee secretary, delivered a speech in which he stated: Thanks to the concerted efforts of the comrades in charge of the relevant CPC Central Committee and State Council departments as well as the conference participants, the second joint conference of the principal party and government leaders in charge of the five northwest provinces and regions fully fulfilled its agenda. The joint conference is one of great significance, for it is being convened jointly by five northwest provinces and regions at a time when China has only just shaped a basic framework for its socialist market economy and started implementing its 1994 national economic development strategy. By holding the second joint conference and implementing its decisions, Yin said with confidence, the five northwest provinces and regions will be able to make fresh headway in furthering the integration and exploitation of the northwest.

Yin added: Northwest China is facing both excellent development opportunities and rigorous challenges. The

fundamental interests of the whole party and the whole country lie in seizing opportunities, deepening reforms, expanding opening up, speeding up development, and maintaining stability, this being a principle to be unwaveringly adhered to in the course of accelerating the development of the northwest. In order to quicken the pace of development and withstand fierce competition, the northwest provinces and regions should embark on regional integration. Only by embarking on regional integration and by economically complementing one another will the northwest provinces and regions be able to survive fierce competition, grasp more development opportunities by virtue of combined efficiency, and fully play a positive role in the country's economic growth.

Comrade Yin Kesheng noted: The second joint conference shows that the comrades in charge of the five northwest provinces and regions have updated their understanding of the importance of northwestern exploitation and construction, have grown more enthusiastic about furthering regional integration and cooperation, and have cultivated a strong sense of urgency and a strong sense of mission in the process of rejuvenating the northwestern economy. This is why we now have a new point a departure and a new motive force pushing forward the economic growth of the northwest.

Comrade Yin Kesheng concluded his speech by saying: We should resolutely implement and carry out to the letter each and every decision deliberated and reached at the second joint conference. To this end, all relevant departments of the five northwest provinces and regions should closely coordinate with one another and carry out work in a down-to-earth manner. The more than 80 million people of all nationalities in the five northwest provinces and regions firmly believe, he stated, that, led by the CPC Central Committee with Comrade Jiang Zemin as the core, guided by the theory of building socialism with Chinese characteristics, and given the unreserved concern and support of the CPC Central Committee and the State Council, the five northwest provinces and regions will be able to further brace themselves, enhance confidence, develop a spirit of self-reliance, carry out arduous and pioneering work, rejuvenate the northwest economy, and build the northwest into a prosperous region in the not too distant future.

#### Leaders Discuss Economic Development

*OW1808033094 Beijing XINHUA in English 0036  
GMT 18 Aug 94*

[Text] Xining, August 18 (XINHUA)—Party and government leaders of the five provinces and autonomous regions in northwest China jointly held a meeting in Xining, capital of Qinghai Province, from August 14 to 17 to negotiate about economic co-operation.

They reached agreements on some major subjects concerning the reinforcement of regional co-operation and development in northwest China. They maintained that, to speed up the development of the northwest provinces

and regions, and narrow the disparity between the east and the west of China, it is a must to seize the beneficial opportunity when the state is carrying out industrial policies in connection with regional development policies.

They said that the northwest is rich in natural resources, and that multi-channel and multi-style co-operation among the provinces and regions will greatly promote the economic and social development of the northwest as a whole.

With a total area of nearly three million sq [square] km and a population of over 80 million, the five provinces and regions are large in area and rich in material output. Of the country's 140 kinds of mineral products whose reserves have been defined, 120 have been found here. The reserves of oil, coal, natural gas, salt lake, nonferrous metals, rare metals and nonmetallic mineral resources all hold significant positions in the country. The area along the upper reaches of the Yellow River is also rich in hydropower resources.

During the meeting the leaders defined a number of key projects for joint development in the remaining years of this century and early in the next century, which mainly include: constructing a number of regional energy, communications, telecommunications, raw materials and some other basic industries and infrastructure facilities; developing some pillar industries and high-quality products with northwest advantages which will help promote the economy of the northwest as a whole; and organizing some powerful enterprise groups.

The provinces and regions will also jointly construct optical-fiber cable telecommunications projects and railway projects which will extend across the provinces and regions.

To break regional blockades, the leaders decided to carry out a series of mutual preferential policies, involving communications, domestic and foreign trade, new and high-tech development and personnel training.

The meeting also resulted in a decision to set up a coordinating organization for future joint meetings of the northwest.

#### **Shaanxi Economy Shows Moderate Growth in First Half**

HK1808094194 Xian SHAANXI RIBAO in Chinese 20 Jul 94 p 1

[Report: "Provincial Statistical Bureau Data Shows Appropriate Growth in Shaanxi National Economy for First Half Year"]

[Text] According to a press briefing by the Shaanxi Statistical Bureau in Xian on 19 July, the province's economy developed normally in the first half of the year and the national economy showed moderate growth. According to statistics, Shaanxi's GDP in the first half of

the year totaled 33.1 billion yuan, an increase of 7.8 percent over the same period last year. Of this, primary industry dropped 1.3 percent because of the disaster which resulted in a reduction in oil crops; secondary industry rose 11.8 percent; and the tertiary industry went up by 7 percent. A comprehensive analysis of Shaanxi's economic operation in the first half of the year indicates the following characteristics.

—The province's economic operations were basically normal. First, industrial production maintained moderate growth. The added value of industry at and above township level totaled 11.24 billion yuan, an increase of 8.2 percent; gross industrial output value amounted to 29.741 billion yuan (calculated in terms of constant prices), up 9.3 percent. The characteristics during this period included: Production and sales grew simultaneously. In the first half of the year, the value of Shaanxi's industrial sales totaled 32.774 billion yuan, up 7.5 percent; the sales rate reached 91.6 percent, up somewhat compared with the previous year; and the growth in light industry was seen to accelerate. By the end of June 1994, Shaanxi's light industrial output value totaled 10.97 billion yuan, up 9.3 percent, with the production and sales rate reaching 93.3 percent. The growth in nonpublic sector industry continued to take the lead. From January to June, the collective-owned industry grew by 23.5 percent while industry in other economic sectors went up 47.8 percent.

—The rural economy grew steadily. As all localities earnestly implemented a series of CPC Central Committee measures on strengthening agriculture and the rural economy, Shaanxi maintained its steady rural economic situation despite the serious disasters and the reduction in the production of summer grain and oil crops. In the first half of the year, Shaanxi's agricultural output value totaled 9.67 billion yuan, a drop of 1 percent from the same period last year. Of the agriculture output value, besides the reduction in the production of summer grain and edible crops which resulted in a drop of 12 percent, forestry, animal husbandry, and fishery registered growths of 17.4, 15.1, and 17.8 percent respectively. Moreover, township enterprises registered a high growth with an output value of 27.03 billion yuan, an increase of 54.4 percent and total income of 26.58 billion yuan, up 54.2 percent, representing 57.3 and 57.8 percent respectively of the annual plan.

—The sharp growth in investment in fixed assets started to cool down. This year Shaanxi seriously screened projects still under construction and exercised strict control over new projects. From January to June, there were 427 new capital construction and technical transformation projects involving over 50,000 yuan each, 137 less than in the same period last year or a drop of 24.3 percent. The new projects involved 868 million yuan, 63.7 percent less than in the same period last year. In the first half of this year, investment by

Shaanxi's state-owned units in fixed assets totaled 5.089 billion yuan, up 32 percent from the corresponding period last year, but the growth dropped by 14 percentage points. Of this, investment in capital construction amounted to 2.783 billion yuan, up 17.3 percent; investment in technical transformation and renovation was 1.531 billion yuan, up 38.8 percent; and investment in real estate went up by 110 percent.

—The market for consumer goods remained steady but demand for the means of production decreased. From January to June, the volume of Shaanxi's retail sales totaled 13.552 billion yuan, up 20.2 percent. After deducting the factor of price hikes, actual consumption was more or less the same as the corresponding period last year with just a slight increase. The supply and demand in consumer goods was balanced. Except for crude oil, famous brand household electric appliances, and a small number of sought-after commodities, there was an ample supply of most of the commodities and supply exceeded demand.

—The major reforms proceeded smoothly. Since the beginning of this year, the major reforms of finance and taxation, banking, and foreign trade have proceeded normally. This is manifested as follows: A sharp increase in foreign trade and exports. In the first half of the year, Shaanxi's exports totaled \$600 million, 36.4 percent higher, while imports amounted to \$150 million, down 28.4 percent. The new financial and taxation system proceeded normally, revenue increased, and a balance was maintained between revenue and expenditure. Revenue for the first half of the year totaled 1.81 billion yuan, 57.3 percent of the annual plan and 53.4 percent up. Expenditure amounted to 2.84 billion yuan, 40.2 percent of the annual plan and a rise of 16.3 percent. The banking situation remained stable. From January to June, Shaanxi's bank savings increased by 11.13 billion yuan and savings deposits by the urban and rural inhabitants rose by 6.9 billion yuan. By the end of June, the balance of bank savings amounted to 47.32 billion yuan, 33.6 percent higher. Shaanxi's banks granted 6.88 billion yuan in loans during the first 6 months. This played a positive role in the province's industrial and agricultural production and the key construction projects. The pace of withdrawing currency from circulation was accelerated. With a balance in the banks' cash income and expenditure in the first 6 months, a net 1.13 billion yuan of currency was withdrawn from circulation, 880 million yuan higher than last year.

Statistics also indicate that there are still the problems of soaring prices and an increasing number of enterprises suffering from deficits and growing deficits, capital shortages, and overstocking in Shaanxi's current economic life, which remain to be resolved by the departments at all levels.

### National Invention, Patent Exposition Opens in Xinjiang

*OW1708201394 Urumqi XINJIANG RIBAO in Chinese  
6 Aug 94 p 1*

[By XINJIANG RIBAO reporters Chen Yan (7115 4291) and Bao Shuqin (7673 3219 3830) in Urumqi: "National Invention and Patent Exposition and Convention on Exchanges and Cooperation Between 'Top 100 Counties' and Xinjiang Opens Ceremoniously To Promote Scientific, Technological, and Economic Cooperation Between Eastern and Western Regions; Tomur Dawamat, Wang Enmao, Abulaiti Abudurexitu Cut Ribbons"]

[Text] The facade of the regional exhibition hall was decorated with colorful balloons and crowded with people on the morning of 5 August, as the 1994 National Invention and Patent Exposition and a convention on exchanges and cooperation between the nation's "top 100 counties" and Xinjiang opened there.

The event is cosponsored by the autonomous regional people's government, the China Patent Office, and the State Council's Development Research Center.

Officials from the central ministries and commissions concerned and 22 provinces, municipalities, autonomous regions, and cities with economic autonomy, as well as some 620 representatives from various prefectures and cities in Xinjiang, attended the opening ceremony.

Tomur Dawamat, vice chairman of the National People's Congress Standing Committee; Wang Enmao, former vice chairman of the national committee of the Chinese People's Political Consultative Conference; and Regional Chairman Abulaiti Abudurexitu cut ribbons for the event.

Regional Vice Chairman Wang Lequan presided over the opening ceremony. Mijiti Nasir [name as transliterated] [mi ji ti na si er 4717 0679 2251 4780 2448 1422], regional vice chairman, delivered an opening address.

Mijiti Nasir said: The purpose of the event is to increase Xinjiang's economic and technological cooperation with the hinterland, to introduce all kinds of advanced and patented technology to Xinjiang, to establish a long-term partnership with the "top 100 counties," and to enable the eastern and western regions to achieve common economic development through complementing each other with resources and on the basis of mutual benefit. The event will lay the foundation for combining Xinjiang's advantage in resources with the hinterland's advanced technology, and will contribute to Xinjiang's endeavor to "establish lateral ties with the eastern region and open up Xinjiang's western region."

Representatives from 20 of the "top 100 counties," including Beijing's Shunyi and Daxing; Shanghai's Nan-hui, Fengxian, and four others; Jiangsu's Wuxi and Jintan; and Shandong's Mouping participated in the event.

Representatives from various prefectures, counties, and cities; the Xinjiang Production and Construction Corps; research institutes; and enterprises in Xinjiang brought some 500 projects to take part in business negotiations.

Also attending the opening ceremony were regional leaders Wufuer Abudula [name as transliterated] [wu fu er a bu du la 0710 3940 1422 7093 0008 6757 2139], Aisihaiti Kelimubai, and Zhang Heng; Bo Tayi, deputy commander of the Xinjiang Production and Construction Corps; An Yutao, vice president of the China Association of Invention; Wang Xiyu [3769 6007 3768], deputy director of the Rural Department of the State Council's Development Research Center; and Gu Huizhong [7357 1920 1813], deputy director of the China Patent Office's Management Department.

After the opening ceremony, Tomur Dawamat, Wang Enjiao, Abulaiti Abudurexit, and Mijiti Nasir visited the exhibition halls.

#### **Kazakh Herdsmen Take Up Tourism Services in Xinjiang**

*OW1708133894 Beijing XINHUA in English 0923  
GMT 17 Aug 94*

[Text] Urumqi, August 17 (XINHUA)—After bidding farewell to nomadic life, herdsmen of the Kazak ethnic minority in the Xinjiang Uygur Autonomous Region in northwest China have found wealth in the tourism business.

The Kazaks living around the Tianchi Lake, a tourist attraction, are selling fruits, renting horses and yurts to visitors, and opening restaurants and shops.

To attract more domestic and overseas tourists, young herdsmen now travel to Urumqi, capital of the autonomous region, to organize package tours. All of them have business cards and some speak good English.

"I have printed 'Kazak Tourist Guide 001' on my business card," said Harik, one of them. Kazak herdsmen never heard of business cards just a few years ago.

After working in the industry for ten years, the 22-year-old Kazak has been awarded the title of an "Outstanding Youth" for his contributions to the development of local tourism.

"The competition in the Tianchi region is fierce, so I have shifted to organize long-distance tours to other places in Xinjiang or even cities in other parts of China," he said.

He also added, "if possible, I will lead tourist groups to visit neighboring countries."

According to his father, his family has earned 45,000 yuan (about 5,300 U.S. dollars) since March by getting involved in tourist services.

### Hong Kong

#### **PLA To Send 'Advance Party' to Hong Kong After 1997**

*HK1808093494 Hong Kong MING PAO in Chinese 18 Aug 94 p A5*

[“Special article” by staff reporter: “Advance Party of PLA Will Come to Hong Kong Before 1997”]

[Text] China's People's Liberation Army (PLA) will send an advance party of a few soldiers to Hong Kong before 30 June 1997, when Hong Kong's political power is turned over to China, to make preparations for the arrival of the Army after 1997.

A Chinese official clearly told this reporter that, as the presence of PLA forces is necessary to symbolize China's sovereignty over Hong Kong, so PLA units will not be stationed in Hong Kong until the formal transfer of government in mid-1997. The PLA must in any case send some people to Hong Kong to make the necessary preparations. He said: “Many preparations are to be made. If we do not start the work until 1 July 1997, we will make a mess of it.”

However, he stressed, the Chinese side has only decided in principle to send PLA personnel to Hong Kong before 1997 and has not drawn up any specific plans. For example, the relevant timetable has not been finalized.

Neither has the rank and number of PLA personnel who will be sent to Hong Kong been decided. But he predicted that only a small number of PLA personnel will be sent.

When asked whether the Chinese side had taken into account the possibility that a PLA presence in Hong Kong before 1997 will arouse public concern in Hong Kong, as Hong Kong people view the PLA's presence as a sensitive matter, the official repeatedly emphasized that the PLA men to be sent to Hong Kong before 1997 will only make preparations for a smooth handover, adding that PLA units will not be stationed in Hong Kong before 1997. He admitted, however, that the PLA's presence in Hong Kong before 1997 could possibly cause concern. Therefore, the Chinese side has considered sending plainclothes Army personnel to Hong Kong before 1997, trying its best to keep a low profile.

When questioned as to what preparations the PLA will make before 1997, the official said that many preparations are being planned and that it is currently difficult to be specific. As an example, however, he cited the agreement reached by the Sino-British Joint Liaison Group (JLG) in late June this year on the disposal of 39 plots of military land. Under the agreement, he said, 25 plots will be passed back to the Hong Kong Government in 1997 for redevelopment, and the remaining 14 will be transferred to the PLA. This makes it necessary for the PLA to send personnel to Hong Kong before 1997 to inspect these plots and make plans for their use.

After seven years of negotiations, the JLG reached an agreement on the use of military lands on 30 June this year. The 14 plots of military lands to be transferred to the PLA are: Prince of Wales Barracks, Gun Club Barracks, Osborn Barracks, Queen's Lines, Headquarter House, Bonham Towers, 1A Cornwall Street, Stanley Fort, Stonecutters Island, Cassino Lines/Tam Mi, Gallipoli Lines & Range, Sek Kong Camp, Castle Peak Firing Range, and Tai O Coastal Watch Station.

#### **Beijing Police Talks Fail To Ease Extradition Process**

*HK1808062794 Hong Kong EASTERN EXPRESS in English 18 Aug 94 p 2*

[By Shiny Li in Beijing]

[Text] The Chinese and Hong Kong governments have agreed to make it easier for one another to conduct investigations in each other's jurisdiction. But despite three days of talks in Beijing, Hong Kong's Commissioner of Police, Eddie Hui, failed to secure improvements in extradition procedures. Both Hui and his Chinese counterpart, Zhu Entao, concluded there was “still room for improvement” in the extradition process and said that they would investigate ways of improving it.

Asked if the Public Security Bureau would set up a branch in Hong Kong after 1997, Zhu was reluctant to comment, saying that it was not being considered at the moment. The governments agreed to speed up the process by which officers of China's Public Security Bureau would be allowed to conduct investigations in Hong Kong. There would be reciprocal arrangements for Hong Kong police. “At the present moment, if any Chinese officers want to come to Hong Kong to conduct investigations, it can be done, but without assistance of course,” Hui said. Zhu said if there was an urgent need for police to conduct investigations in Hong Kong, officers could apply for their entry visas at the border. He declined to say how quickly China's public security officers could obtain entry visas to Hong Kong but said it would now be “very quickly”. Zhu said Hong Kong police officers conducting investigations in China would get the same assistance if necessary.

Hui said the biggest achievement of his visit had been to establish a good foundation of bilateral co-operation to build upon.

#### **Candidacy Requirements Exceed World Norms**

*HK1808054594 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 21*

[By Public Policy Editor C.K. Lau]

[Text] Lau Shan-ching is eligible to run for the House of Commons, but he can't stand for Hong Kong's district boards. This startling fact shows just how out of date and farcical Hong Kong's electoral rules are. An international

survey shows Hong Kong's 10-year residency requirement for candidates running for the district boards, municipal councils and the legislature to be an exception rather than the norm. According to the Inter-Parliamentary Union—which Hong Kong is not a member of—the only other countries which have a similar rule are Costa Rica, Norway and Zimbabwe. In the case of Zimbabwe, the requirement applies to candidates running for the Senate, while House of Assembly candidates need only be resident for five years.

A survey conducted by the union in 1985, for which 83 legislatures responded, found that as many as 35 countries impose no residency requirement on their candidates, although the almost-universal requirement for citizenship ensures they must be born or have lived in the country. Another 30 countries merely require their candidates to be in the country or have been resident in the country or their constituencies for one year or less. China, Hong Kong's sovereign after 1997, imposes no residency requirement on prospective voters or candidates for the people's congresses, both at the local and national levels.

The United States requires those who run for the Senate to have been a citizen for nine years and those for the House of Representatives seven years. There is no requirement for prior residence in the state, but a candidate must be resident in the state he or she represents when elected.

In Canada, the candidates for national parliament need only reside in the province in which they stand and there are no requirements on the duration of residence. At the provincial level, residency requirement ranges from no more than a few months to one year. In Australia, three years' residence in the country is required for candidates running for either of the houses of parliament.

There is a strong argument for Hong Kong to follow the worldwide preference for having a requirement for only a short duration of residency, particularly for those who are already permanent residents by birth. As for those who have acquired permanent resident status by having resided in Hong Kong for seven years, there is no point in requiring them to be here for another three years before they can stand for elections. In a place such as Hong Kong, where a significantly large proportion of its population is highly mobile, it is unreasonable to require those who already have permanent residency status to have to be "ordinarily resident" in the territory for 10 years before nomination. A number of incumbent Legislative Councillors and members of the two municipal councils and the district boards have admitted to having spent time studying or working overseas before running for office.

Instead of asking returning officers to make a ruling on whether a candidate has been ordinarily resident in the territory for 10 years, Hong Kong could do better by shortening the residency requirement to no more than

one to three years. After all, it doesn't take 10 years for anyone who is keenly interested in serving the people to understand a place.

Mr Lau, in asserting the requirement of 10 years' ordinary residence in Hong Kong should not apply to him because he was unjustifiably jailed in China, also raised the issue of the integrity of China's legal and judicial systems. While many people in Hong Kong and the West have serious reservations about China's judicial machinery, the implications of Hong Kong second-guessing the ruling of a Chinese court, or any other foreign court, needs to be carefully considered. The issue is important because Section 19 of the Electoral Provisions Ordinance provides that a person cannot be nominated as a candidate if he or she has been convicted of any offence in Hong Kong or any other territory and sentenced to imprisonment, whether suspended or not, for a term exceeding three months without the option of a fine during the 10 years before the date of the election. The law does not seem to acknowledge the fact that courts in different jurisdictions don't always readily accept the rulings of one another.

In Mr Lau's case, the Boundary and Election Commission did not need to invoke this section to disqualify him because he was convicted in 1981. But there is nothing to stop another person who has been jailed overseas, for what he claims to be unjustified reasons, from making a similar challenge. Which leads us to the more important question of why an ex-criminal should be disqualified from standing for public office. There is an argument for barring such people for a certain period to ensure the quality of the candidates, as opposed to the counter argument that ex-criminals should not be discriminated against because they have already served their sentences. In Hong Kong, public sentiments are more likely to favour the former view than the latter.

But should we follow Britain, where ex-criminals are not barred from running for office if they were convicted overseas? At first glance, such a rule may sound absurd because it means you can still be considered a gentleman in your home country even though you are a crook abroad. However, as the law of a country is a reflection of its unique cultural and political values, should we so readily accept the judgment of a foreign court in assessing the integrity of a person trying to run for public office in his home country? This is not to say one should not obey a host country's laws while overseas. But why should a Hong Kong person be barred from running for the district board if he had been sentenced in an Islamic country for drinking? Mr Lau argued that he was convicted of a crime in China which has no equivalent in Hong Kong law. He has a point, although it is inconceivable for Hong Kong to ignore the ruling of a Chinese court after 1997.

There is nothing the authorities can do now to change the rules for next month's district board elections, but far more important elections for the Urban Council,

Regional Council and Legislative Council are due to take place next year. A review of the eligibility criteria of candidates must now begin so that no one will be unfairly barred from running next year. Such a review would no doubt be watched closely by China, whose Preliminary Working Committee is working out the criteria determining which board members and councillors can hop on to the "through-train" in 1997. The bottom line must be to allow the people to have the final say on who can be allowed to serve them.

#### Candidate's Disqualification Viewed

*HK1808054494 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 20*

[Editorial: "Good Enough for Britain"]

[Text] To win back his civil rights in Hong Kong, Lau Shan-ching has been forced to request legal aid for a judicial review of the decision to prevent him standing for election to a District Board. How ironic, then, that he could qualify to stand for election to Parliament in Britain with rather less bureaucratic fuss than he has encountered here. United Kingdom law permits any British or Irish citizen, Commonwealth citizen or British national of a dependent territory to stand for election, provided he or she is physically present to hand in the nomination papers. Mr Lau would have to pick up a British National Overseas or British Dependent Territories Citizen passport but that should pose no great hurdle.

Hong Kong voters should have a right to choose their representatives. That is the fundamental idea behind the electoral reforms just passed. The disclosure that the British voter has the right to choose a candidate the Hong Kong authorities have disqualified will embarrass the Government, at all relevant levels. The Government's bureaucratic and legalistic decision to reject Mr Lau's candidacy on the grounds that he was not ordinarily resident in Hong Kong while a political prisoner in China has already been sharply and widely criticised. But the disclosure that neither his non-resident status nor his imprisonment in China would affect his right to stand for Westminster highlights the absurdity of the Government's decision to apply the 10-year rule so rigidly, after being flexible in previous elections.

The episode lends credibility to the theory that the Government's prime concern is to avoid upsetting China. Mr Lau's disqualification suggests the Government accepts China's view of him as a counter-revolutionary. Neither subversion nor counter-revolution are crimes in Hong Kong—although it is official government policy to ensure that the territory is not used as a base for subversion.

But while the Chinese may not want Mr Lau to stand, they undoubtedly would be enjoying the Government's discomfort. Once again, this inept Government has shot itself through the foot.

#### Carlos Planned Downing of German Airliner Over Kai Tak

*HK1808062694 Hong Kong EASTERN EXPRESS in English 18 Aug 94 p 1*

[By Eamonn Fitzpatrick]

[Excerpts] Carlos the Jackal masterminded a terrorist plot to shoot down an airliner over Kowloon, senior security sources have revealed. Hundreds of police were placed on alert in 1978 after intelligence was received that the Japanese Red Army, acting on orders from Carlos planned to shoot down a German airliner during its final approach to Kai Tak. Special duties unit officers and airport security staff armed with automatic weapons, guarded the roof tops of buildings around the airport to stop terrorists from getting to a vantage point near Kai Tak. The alert started in August 1978 and lasted three months. [passage omitted]

"Our precautions were based on what we regarded as valuable and highly accurate information," said a senior Hong Kong police source who was involved in the anti-terrorist measures.

Carlos is believed to have hatched the plot, which was to involve at least two Japanese Red Army terrorists armed with a rocket launcher firing on a Lufthansa jet as it approached the runway over Kowloon City. British intelligence sources informed Hong Kong police that Carlos was helping the Japanese group plan the attack which, if carried out, would have seen a passenger jet slam into the densely populated residential buildings of Kowloon City. Aircraft would easily be within range of a rocket launcher or high-powered assault weapon mounted on a roof top, the sources said.

One officer involved in the security alert said: "To think of the consequences of that (attack) is enough to send shivers down your spine. Hundreds and even thousands of people would have died if a passenger plane was shot down over Kowloon City. The intelligence at that time was the Japanese Red Army was acting on orders from a terrorist believed to have been Carlos. There were never any direct threats or demands, but one presumes the attack would have achieved its aim of publicity for the cause of those involved."

Senior police told EASTERN EXPRESS that, according to intelligence, there was little doubt of Carlos's involvement in the plan. In September 1974, Carlos helped the Japanese Red Army storm the French embassy in The Hague, a raid that led to the release of a Red Army courier. Carlos has been linked to a range of violent leftwing groups around the world that were active in the 1970s, including Germany's guerrilla group, the Red Army Faction, of which his wife, Magdalena Kopp, is a former member. The planned Hong Kong attack would have come three years after a similar incident at Orly airport in Paris, where a Palestinian group linked to Carlos tried to fire a rocket at an Israeli El Al plane, only to miss and hit a Yugoslav airliner. A two-man team

returned to the airport less than a week later but were seen by security forces before they could fire a rocket. The suspects managed to escape on a plane to Iraq after a siege and gunfight that left 20 people injured.

**PRC Environment Chief Cancels Meeting With Officials**

*HK1808041494 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 94 p 7*

[By Kathy Griffin]

[Text] A private meeting between Hong Kong and mainland environment officials was cancelled at the last minute when China's environment chief, Xie Zhenhua, had to bow out because the gathering had not been arranged officially. Mr Xie was in town at the invitation of the green group Friends of the Earth to open their Green World Expo over the weekend, and he left on Tuesday.

He and seven of his staff were supposed to meet Environmental Protection Department officials last

Thursday morning, and to visit a landfill and chemical waste treatment plant operated by the department. But shortly after Mr Xie's schedule was announced by Friends of the Earth, he sent word to the department the meeting had to be cancelled because he was not in Hong Kong on official business. His visits to the landfill and the chemical waste plant were cancelled.

A department spokeswoman said: "We were advised he was actually coming down in his unofficial capacity, so it was considered inappropriate by the National Environmental Protection Agency to have official contact with a government department."

The acting Director of Environmental Protection, Robert Law, would not comment on the incident, but sources in the department said there was disappointment. The department is anxious to foster contacts with the Beijing officials because it is expected Hong Kong will become the largest of the National Environmental Protection Agency's bureaus after 1997.

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